Austria .... Sch. 18	Indonesia .. Rp 2500	Portugal .... Esc 80
Bahrain .. Din.0.650	Italy .... L 1300	S. Arabia .. Rls 6.00
Belgium BFr.42	Japan Y550	Singapore . S$ 4.10
Canada .... C$1.00	Jordan Fils.500	Spain ..... Pta 110
Cyprus .... C£0 60	Kuwait Fils.500	Sri Lanka .. Rup 30
Denmark .. Dkr.7.25	Lebanon .. £L 8.00	Sweden ... Skr 6.50
Egypt ..... E£1.00	Luxembourg . LFr 42	Switzerland SFr 2.20
Finland .. Fmk 6.00	Malaysia .. Rin 4.25	Taiwan .... NT $85
France .. FFr. 8.00	Mexico .. Pes. 380	Tunisia .. Din 0.600
Germany . DM 2 20	Morocco .. Dh 8.00	Turkey ..... L 210
Greece ...... Dr 70	Netherlands . Fl 2.50	U.A.E. .... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr 6.00	U.S.A. $1.00
India ..... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,673 — Friday July 12 1985 — D 8523 B

Europe's information technology looks for strength, Page 18

World news — Business summary

Protest on French N-tests to continue

Greenpeace, the environmental group, is determined to continue the protest against French nuclear testing in the Pacific despite the sinking of its ship Rainbow Warrior and the death of one crew member in Auckland harbour after a bomb attack on board, according to an official.

New Zealand Prime Minister David Lange said the bombing had "political or terrorist overtones" and had won the group new support.

Asked about a rumour that Lange was planning to offer a frigate to resume the protest, the Greenpeace official said he had not received the offer but would welcome it. Page 3

Reagan victory

President Reagan won a vote in Congress to expand his power to act against nations aiding terrorists and to lift a ban against U.S. aid for rebels in Angola. Page 4

Peru bombings

Maoist guerrillas have bombed party political offices and blacked out most of Lima in a direct challenge to Peru's newly elected Government.

Poll forecast

French President François Mitterrand expects the right-wing opposition to win next year's parliamentary elections and said he would "cohabitate" with the opposition providing he retains control of foreign affairs. Page 2

Strike postponed

Israel's civil servants postponed until Sunday their strike over layoffs and wage cuts.

Recorders found

Both flight recorders from the Air India jumbo jet which crashed into the Atlantic last month, killing all 329 people aboard, have been recovered. Page 2

Death for spies

The U.S. House of Representatives has voted overwhelmingly to reinstate the death penalty for military personnel convicted of spying.

Ape trade

The King of Belgium has been accused of smuggling rare apes and ivory on his return from a state visit to Zaire.

VW strike

Workers at VW's South African plant remained on strike for the second day after management decided to lend minibuses to New Zealand for the coming rugby tour. Page 3

S. Korea for UN

South Korea will seek separate full admission to the UN, breaking a long-standing policy of seeking simultaneous admission with North Korea. Page 3

Bhopal closure

Union Carbide's pesticide plant in Bhopal was closed and workers said they would continue a sit-in protest campaign for other jobs.

Chinese tour

China's President Li Xiannian has begun a goodwill tour of Canada and the U.S. after saying the Taiwan issue remained the biggest obstacle in Sino-U.S. relations. Page 3

Iranian chief

Speaker of the Iranian Parliament Rafsanjani is tipped to become the country's next Prime Minister, say observers in Tehran. Page 3

Ban lifted

The International Football Federation lifted the ban on English clubs playing outside Europe, but the indefinite European Football Union ban on their playing in Europe stays.

Kaiser Aluminum plunges into red

KAISER ALUMINUM and Chemical Corp of the U.S. reported a second-quarter loss of $14.3m, or 35 cents a share, compared with a $32.5m profit, or 74 cents a share, in the 1984 period.

The group attributed the downturn to lower aluminium prices which more than offset the effect of sizable cost reductions it had achieved.

Sales during the second quarter rose to $845.3m from $794.7m in the 1984 second quarter.

WALL STREET: The Dow Jones industrial average closed 4.81 up at 1,337.70. Page 40

LONDON equities received a confidence boost from a move towards lower interest rates. The FT Ordinary share index rose 11.3 to 934.4. Gilts continued to rise. Page 40

TOKYO fell sharply led by biotechnology and blue chip stocks. The Nikkei-Dow market average dropped 153.99 to 12,858.10. Page 40

DOLLAR remained weak in London, falling to DM 2.9185 (DM 2.9375), SwFr 2.4335 (SwFr 2.45), FFr 8.87 (FFr 8.935) and Y243.0 (Y243.45). On Bank of England figures the dollar's exchange rate index was unchanged at 140.3. Page 33

STERLING showed a weaker trend in London, losing 45 points against the dollar to $1.382. It also fell to DM 4.0275 (DM 4.0725), SwFr 3.3625 (SwFr 3.395), FFr 12.265 (FFr 12.3775) and Y335.5 (Y337.5). The pound's exchange rate index closed at 83.4 from 83.9 previously. Page 33

GOLD: In New York the Comex August settlement was $315.10. Gold was unchanged on the London bullion market at $314.75 and fell $1.20 in Zurich to $313.75. Page 32

CHINA'S industrial output rose 23.1 per cent in the first half of 1985, nearly three times the state target of 8 per cent, the Government said.

ISRAEL'S foreign currency reserves dropped below $2bn at the end of June. The amount is about enough to cover six weeks' imports of essential items such as oil, wheat and raw materials. Page 3

JAPAN'S trade surplus with China for the first six months of 1985 will be more than double that for the whole of 1984, according to Japan's External Trade Organisation. Page 5

U.S. COMMERCE Department forecast a rise of between $16bn and $36bn in the merchandise trade deficit this year. Page 4

EUROYEN market took another step towards liberalisation with the issue of the first floating rate note, for Crédit Foncier. First Euroyen zero-coupon issue is expected from Swedish Export Credit soon. Page 21

SPANISH authorities sold the last remaining piece of the former Rumasa conglomerate, the construction company Hispano Alemana de Construcciones, to Transworld Constructions, a U.S.-based consortium with U.S., Dutch, Swiss and Mexican capital. Page 21

BMW and AUDI, West German motor manufacturers, said they were confident of good results this year after strong first-half sales gains, despite a decline in the domestic market. Page 21

PORSCHE, West German sports car manufacturer, said its top sales executive, Herr Jon Nedelcu, was leaving after little more than 18 months with the company. Page 21

CHEMICAL BANK of the U.S. pushed up second-quarter net earnings by almost 40 per cent to $107.3m, or $2.03 a share, from $76.8m, or $1.45. Page 21

KLÖCKNER & Company, West German steel trading and engineering concern, expects a further improvement in profits for 1985 after last year's DM 16m rise to DM 41m ($13.99m). Page 21

Mexican oil price reductions put new pressure on Opec

BY DAVID GARDNER IN MEXICO CITY AND IAN HARGREAVES IN LONDON

MEXICO CUT the price of its crude oil yesterday and announced a new, market-oriented differential price structure. The move, although expected, appears to mark a significant break in the country's strategy of keeping its prices in line with those set by the Organisation of Petroleum Exporting Countries.

The package involves an average cut in light crude prices of $1.24 a barrel and $0.77 a barrel in heavy crude prices. This will increase pressure on Saudi Arabia to follow other Opec members in offering discounts from official prices.

Venezuela, a major competitor with Mexico in the heavy crude market, is also under pressure as a result of the moves.

Opec ministers are due to meet in Geneva in 10 days. Oil market analysts said last night that to keep in line with the new Mexican price structure, the official price of Arabian Light, last reduced in February, would have to fall by at least a dollar from its present level of $28 a barrel.

Mexico's price shake-up – the most dramatic since mid-1981 – represent an attempt by the country to recover lost markets. A government statement said that Mexican sales last month fell to 800,000 barrels a day (b/d), against an official target of 1.5m b/d. This is the worst monthly performance since July 1981, when in chaotic response to that year's oil price fall Mexico changed prices three times and dismissed the head of Pemex, the state oil monopoly.

COMPARISON OF OIL PRICES ($ a barrel)

	U.S.	Far East	Europe
Mexican Isthmus (light)	26.75	26.50	26.25
Mexican Maya (heavy)	23.50	23.00*	22.50

* Japanese delivery

	Official	Spot
Arabian Light	28.00	26.95
Arabian Heavy	26.50	25.05

The Mining and Energy Ministry said that 80 per cent of world oil transactions in the past two months had taken place at prices "substantially below" Opec official rates. Mexico, it said, "could not tolerate being progressively pushed out of its traditional markets through widespread recourse to irregular commercial practices by other exporters."

In the past 18 months, Mexico – which is not a member of Opec but which often attends Opec meetings – has tried to march in step with the organisation, but has become increasingly frustrated with Opec's inability to discipline output and prices.

It had warned Opec ministers following the organisation's fruitless meeting recently in Vienna that it would have to go its own way on pricing if co-ordinated action could not be agreed.

The main details of the new price structure are:

- The price of Isthmus light crude for June will be cut, retrospectively, from $27.75 a barrel to $27.65.
- From July 1, prices for the key U.S. markets will be $26.75 for Isthmus and $23.50 for Maya. For the Far East, principally Japan, Isthmus will be priced at $26.50 and Maya at $22.50. In Europe, Isthmus will be $26.25 and Maya $23.

Mexico's main market is the U.S., where it has a self-imposed limit of half its total sales. In recent months, 48.9 per cent of sales were to the U.S., not including sales of semi-refined crudes.

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Mexico ends free peso rate, Page 4; Oil prices, Page 32

Hongkong Bank to raise $400m in Euromarket

BY DAVID DODWELL IN HONG KONG

THE HONGKONG and Shanghai Banking Corporation is making its first foray into the international capital markets in its 120-year history, raising U.S.$400m by issuing primary capital floating rate notes.

The issue is the largest yet mounted by a Hong Kong corporation and will be the bank's only outstanding loan capital.

Mr William Purves, the bank's deputy chairman, said yesterday: "It seems an opportunity to raise significant capital and it is a bonus that it is treated as primary capital."

Hongkong Bank is the world's 14th largest bank in terms of published capital, according to the latest issue of Euromoney's list of the top 500 banks. It has total assets "in excess of" U.S. 60bn and has over 1,000 offices worldwide.

Suggestions that it plans to use its enlarged capital base to mount fresh acquisitions were flatly denied by Mr Purves. He said the group had no current proposals for any major acquisition. The funds would be used in the bank's "general international business," he said.

Sumitomo Bank said in Tokyo that it had been in discussion with the Soviet Foreign Trade Bank about a possible Euroyen credit which would be the first significant deal in this market since it opened on April 1. Page 20.

Among recent major outlays, it acquired in February an 80 per cent interest in a banking venture in Australia in collaboration with the Victoria Economic Development Corporation. The new bank will be capitalised at A$150m (U.S.$104m). Hongkong Bank has also spent heavily in the recent past on its new headquarters building in Hong Kong, which will cost at least HK$5bn (U.S.$645m) by the time it is complete.

Undated primary capital floating rate notes were introduced to the London market in May this year. Since then, a number of leading banks have used the instrument, raising a total of U.S.$3.5bn.

Hongkong Bank has awarded the mandate to arrange the issue to Lloyds Merchant Bank and Wardley London. The notes will carry interest of 0.25 per cent a year above the six-month London interbank offered rate (Libor), in line with the previous primary capital FRNS.

At present, shares are the bank's only class of capital. In March 1981, it mounted its first rights issue in 50 years, raising just over HK$2bn. In what amounted to an internal rights issue, it transferred HK$2bn from inner to general reserves in 1983. At the end of 1984, share capital amounted to HK$7.15bn, with general reserves of HK$13.7bn. The size of inner reserves is unknown except to the bank itself and Hong Kong's banking authorities.

International Capital Markets, Pages 21–23

Saxon and Charterhouse agree £188m merger of oil interests

BY DOMINIC LAWSON IN LONDON

CHARTERHOUSE Petroleum and Saxon Oil, two independent British groups, have agreed to a £188m ($258m) merger.

The new company, to be called Saxon Petroleum Corporation, will have interests in 71 North Sea blocks, a bigger spread than any other UK independent oil company aside from Britoil. Saxon Petroleum will have UK onshore interests covering 1.15m acres; more than any other oil company.

Mr Anthony Craven Walker, managing director of Charterhouse and chief executive-designate of Saxon Petroleum, said yesterday: "This is a very powerful British company, with a cash flow to support a massive exploration programme."

Charterhouse Petroleum produces about 12,000 barrels of oil a day from a number of small interests in the Thistle, Deveron, Forties and Buchan oilfields. It also has cash assets of £50m.

Saxon, which like Charterhouse was formed only five years ago, has a 30 per cent stake in the undeveloped Miller oilfield, amounting to about 45m barrels. The key to the merger is that Miller production should start in 1990, when Charterhouse's oil production will be declining.

Mr John Heaney, Saxon's chief executive and deputy chairman of the new company, said a main reason for the merger was to create a company big enough to expand internationally. "We will break out of the North Sea straitjacket," he said.

The company planned to prepare by December a corporate plan for overseas expansion, Mr Craven Walker said. "We expect large amounts of overseas assets to become available over the next three years," he added.

Since Charterhouse approached Saxon late in April the share prices of the two companies have fallen by about 25 per cent. The new company will be held 58 per cent by Charterhouse shareholders and 42 per cent by Saxon shareholders.

Saxon's share price gained 45p yesterday in London to reach 350p, while Charterhouse shares dropped 4p to 81p, valuing it at £110m out of the merged market value of £188m.

Saxon Petroleum is offering 1 of its new shares for each Charterhouse share and 22 of its new shares for every 5 Saxon shares. Saxon Petroleum will declare a dividend of 1.5p net a share for the part year to December. It will be the first dividend for Saxon Oil shareholders.

News analysis, Page 27; Men and Matters, Page 18; Lex, Page 20

'Humbled' Coke makes best of a bittersweet blunder

By William Hall and Paul Taylor in New York

COCA-COLA, the world's biggest soft drink group, admitted yesterday it had been caught off guard and "humbled" by a consumer outcry against a new and sweeter version of its original brand.

The Atlanta-based cola giant formally announced yesterday the reintroduction of its old Coca-Cola brand – renamed "Coca-Cola Classic" – just three months after it had scrapped the "real thing."

It was responding to a vociferous lobby group of "Coke loyalists" who deluged the company with letters, telegrams and telephone calls demanding a return to the old flavour.

But the company defended itself against critics who suggested it had made a huge marketing blunder, and others who speculated that the company had planned the reintroduction of the old Coke taste all along as a machiavellian-style marketing ploy.

"Some might say Coca-Cola made a mistake; cynics might say we planned the whole thing," said Mr Don Keough, Coca-Cola's president. "The truth is we are not that dumb and we are not that smart."

Coca-Cola's senior executives, usually considered among the most conservative and astute marketeers in the nation, insisted that the new cola "still wins all the taste tests" but acknowledged that an extensive pre-launch market research programme – said to have cost $4m – had failed to pick up a groundswell of popular "patriotic" support for the old Coke, particularly apparent in the company's southern U.S. heartland.

The $7.4bn-a-year company said "Over 40m consumers every day in the U.S. enjoy today's Coca-Cola, but thousands of dedicated Coca-Cola consumers have told us they still want the original taste as an option. We have listened."

Mr Roberto C. Goizuetta, Coca-Cola's chairman, told packed, satellite-video-linked press conferences in New York and Atlanta that the company had "listened to the complaints and will satisfy their needs – frankly to retain their business and most importantly their friendship."

Mr Goizuetta, who said the final decision to reintroduce the old cola was taken on Monday, said Coca-Cola Classic would be marketed alongside the flagship brand Coke, and sold at the same price. "We will be giving our customers a new option," he said.

The company, whose share price continued to soar yesterday after the announcement, reaching a 12-year high and trading at about

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London opens way for cut in base rates

BY PHILIP STEPHENS IN LONDON AND OUR FOREIGN STAFF

BRITAIN'S leading banks are expected to announce a ½ percentage point cut in their 12½ per cent base lending rates after the Bank of England signalled yesterday that sterling's strength justified a small reduction in borrowing costs.

Elsewhere in Europe yesterday, Sweden and France also took advantage of the weakening dollar to announce cuts in interest rates.

The central bank in Stockholm cut key rates by 1 percentage point to ease the monetary squeeze imposed eight weeks ago to bolster the krona in the face of a rising outflow of currency.

The Banque de France, meanwhile, reduced its money market intervention rate by ¼ point to 9⅞ per cent – a larger fall than the markets expected – to encourage commercial banks to reduce their base rates at a time of slow growth in the French economy.

Dutch banks, moreover, were reported to be considering removing a ½-point surcharge which they have applied to their loan rates since February. The removal of this surcharge was likely to precede any more by the Dutch central bank to cut its discount rate.

In London, leading banks were expected to cut their rates this morning, barring an unforeseen reversal in sterling's fortunes. Citibank, the U.S. bank which recently won status as a British clearing bank, cut its rate by ½ point to 12 per cent yesterday.

The Bank of England cut its money market dealing rates – regarded as the key to official interest rate policy – by a total of ½ point yesterday despite the surge in sterling M3, the broad measure of the UK money supply, announced on Tuesday.

There was some initial uncertainty, however, as to the exact signal the authorities were trying to give.

The central bank initially cut its dealing rates by ¼ point. When that failed to elicit any response, it announced a further ¼ point cut in the afternoon, but that was too late in the day to bring an immediate reaction from the commercial banks.

The authorities' cautious tactics were intended to indicate that, while they wanted a ½ point cut in base rates, they did not want to suggest that rates could come down any further.

This approach, however, caused confusion and some resentment among the British banks. They disliked the implication that they should take the initiative after the first small cut in official dealing rates, particularly in the light of the current row over interest rates between the Confederation of British Industry (CBI), and the Conservative Government.

Government officials emphasised yesterday that the interest rate cut was consistent with its policy of maintaining borrowing costs at whatever level was needed to keep downward pressure on inflation.

Because of the very rapid appreciation in the pound's value over recent months, the Treasury is now forecasting that inflation in the second quarter of next year could be lower than the 4½ per cent predicted in its March budget.

The interest rate move indicates that the Treasury has formally downgraded for the time being at least the importance of sterling M3 when judging the level of borrowing costs.

Sterling M3 has been growing by an annual 12 per cent, well outside its 5 per cent to 9 per cent target range, but the authorities are blaming much of the overshoot on structural changes in the economy.

The CBI, the leading employers' group, will continue to press for further reductions in interest rates, with yesterday's move being seen as insufficient to bring the fall in the value of the pound against other European currencies that industry is seeking.

While sterling's rise against the dollar has been generally welcomed in Britain as necessary to put downward pressure on inflation, industrialists see the parallel surge against the D-Mark as seriously threatening the UK's competitive position.

Yesterday after its initial fall, sterling recovered against most currencies, though it ended the day lower than on Wednesday. It closed at $1.3820, down 0.45 cents, but more than 2 cents higher than its early lows.

The sterling index, which mesures its value against a basket of currencies, fell 0.5 points to 83.4.

The dollar, hit by the current sluggishness of the U.S. economy fell to its lowest level since September of last year against the D-Mark closing 1.9 pfennigs lower at DM 2.9185.

The prospect of lower interest rates gave a boost to London equity prices. After losing nearly 100 points since early June, the FT Ordinary share index rose by 11.3 points to 934.4.

French central bank cuts rates, Page 2; Editorial comment, Men and Matters, Page 18; Lex, Key Swedish rates lowered, Page 20; Money markets, Page 33

CONTENTS

Mitterrand sees Right as likely to win power

BY PAUL BETTS IN PARIS

M FRANCOIS MITTERRAND, France's Socialist President has admitted implicitly for the first time that he expects the French right-wing opposition to win next year's parliamentary elections.

But he suggested that he was prepared to "cohabit" with a government of the Right since this did not automatically imply there would be political confusion in the country. However, he defined the limits of cohabitation, saying that while the new government would run domestic policy, he would continue to control foreign policy.

Since General Charles de Gaulle, French presidents have regarded *foreign policy and control* of the country's nuclear force as their sacred preserve. M Mitterrand is no exception and said that if the new government "confiscated" foreign policy from the president it would be a "coup d'etat." Nevertheless, he did not expect it to become a contentious issue should the Right win the elections because there was a general consensus in France on the conduct of foreign policy.

M Mitterrand took the opportunity of a conversation with French political journalists near Grenoble—where he was watching the Tour de France bicycle race—to prepare the ground for the widely expected defeat of the Socialists in next March's elections. His view is that the Socialist party should go back into opposition if it loses the majority.

He thus favoured the position of M Lionel Jospin, the Socialist first secretary, who has recently had a blazing row with M Laurent Fabius, the Prime Minister, over Socialist election strategy. M Fabius has promoted the idea of a wide Republican front to attract as many voters *as possible in the centre.* M Jospin has argued that the Socialist party must remain determinedly left-wing.

The Socialists are expected to lose about 100 seats in the National Assembly where they currently hold a comfortable majority, with 285 out of 491 seats.

The President said that his concept of "cohabitation" excluded any compromise with the Right. "You cohabit because you are rivals. If cohabitation *means living in the same* Republic, then I say yes. If it is political confusion, I say no," he said.

He then added that he could not ask M Jospin or the Socialist party "to govern with a right-wing majority in parliament." At the same time, however, he suggested that the Socialists would have to adopt a constructive attitude in opposition saying: "I don't expect it will seek to excite its partisans."

Michael Donne assesses the investigation's prospects now that the 'black box' has been recovered

Search begins for the cause of the Air India crash

NOW THAT both the vital Cockpit Voice Recorder (CVR) and the Flight Data Recorder (FDR) of the ill-fated Air-India Jumbo jet have been recovered from the sea-bed, the investigation into what caused the disaster that claimed 329 lives will get under way.

The aircraft disappeared off the Shannon air traffic centre's radar screens early on June 23, while en route from Montreal to in an area south-west of Ireland while en route from Montreal to London.

Subsequent search of the seabed has established that wreckage is strewn along a straight path of several miles, indicating that the aircraft may have still been substantially intact at the time of impact.

The question now to be answered is whether the crash really was caused by a bomb, or whether something more fundamental, such as a structural failure of aircraft through explosive decompression, was *involved.*

One of the difficulties is that only about 1 per cent of the aircraft's total structure has been recovered. However, with both the CVR and FDR safely ashore, the investigators have enough to enable them to piece together what happened with reasonable probability.

The CVR records the conversations of the crew on the flight deck, and, on the assumption that it was *functioning* normally in the last minutes before the crash, should tell whether the crew was aware of anything amiss, and perhaps even what it was.

The FDR records a substantial number of channels of information relating to the aircraft's mechanical functions—including its altitude, airspeed, heading, engine functioning, automatic pilot functioning, cabin pressurisation, oil pressures, smoke warning signals, fire warning signals and hydraulic systems.

Anything amiss with any of these systems would show on the recorder, giving vital clues as to what might have happened, even if the crew had been aware of it or not.

The problem for the investigators will be if both the CVR and FDR show nothing wrong. They will then have to assume that the disruption of the flight was so sudden that it could only have been caused by a bomb or explosive decompression that destroyed the flight deck.

A close study of the metal wreckage could be of considerable help in this. Allowing for tears in the metal stemming from impact with the *sea* from such a great height (31,000 feet), or from progressive break up *as* the aircraft fell, it should be possible for the investigators to determine one or other of the *two probable causes, from the* way in which the metal tore, and from such clues as blast burns on the fragments.

In such an investigation, every item is of value, even the post-mortems on the victims, for it is often possible to determine how injuries were caused and when—either before or after death.

The recovery of the recorders is a marine salvage triumph for *the Scarab—the Submerged* Craft Assisting Repair and Burial of cables. This is an underwater robot, owned by a consortium of Atlantic cable companies (American Telephone and *Telegraph*, British *Telecom*, Cable and Wireless of the UK, Teleglobe of Canada and the French PTT), and operated by Cable and Wireless.

During the search it has been carried aboard the French ship, Leon Thevenin, to which it is connected by an umbilical cable of control lines and is in effect "flown" underwater to great depths by a pilot and crew on the mother ship.

It has TV cameras and manipulator *arms,* primarily intended to enable it to dig up, repair, and re-bury undersea cables, and is thus ideal for the task of locating and retrieving such small items as the CVR and FDR, or small bits of wreckage.

The FDR itself was recovered from a depth of over 6,700 feet, the deepest yet attempted by Scarab and also the deepest aviation salvage yet attempted. The previous deepest effort was recovery of a Bell helicopter in 1,400 feet of water near the Murchison platform in the North Sea.

The Scarab could be used to locate larger items of wreckage, but heavy lifting equipment would be needed to bring it to the surface.

Initial studies of the two recorders will be carried out by the Indian authorities, because the aircraft was registered in India. But the U.S., as the jet's country of manufacture, will also be participating. The wreckage is likely to be taken there.

Britain's Department of Transport has also offered the facilities of its Accident Investigation Branch at the Royal Aircraft Establishment, Farnborough.

The AIB was *initially* asked to help in the search but withdrew earlier this week when it became apparent that too many ships were involved in the same task, and that equipment such as the Scarab was more likely to achieve the recovery than that aboard the UK's chartered vessel, Gardline Locator.

Whatever the CVR and FDR reveal, the information will be passed to the U.S. investigators, to help them in their own search, which is likely to take months, rather than weeks.

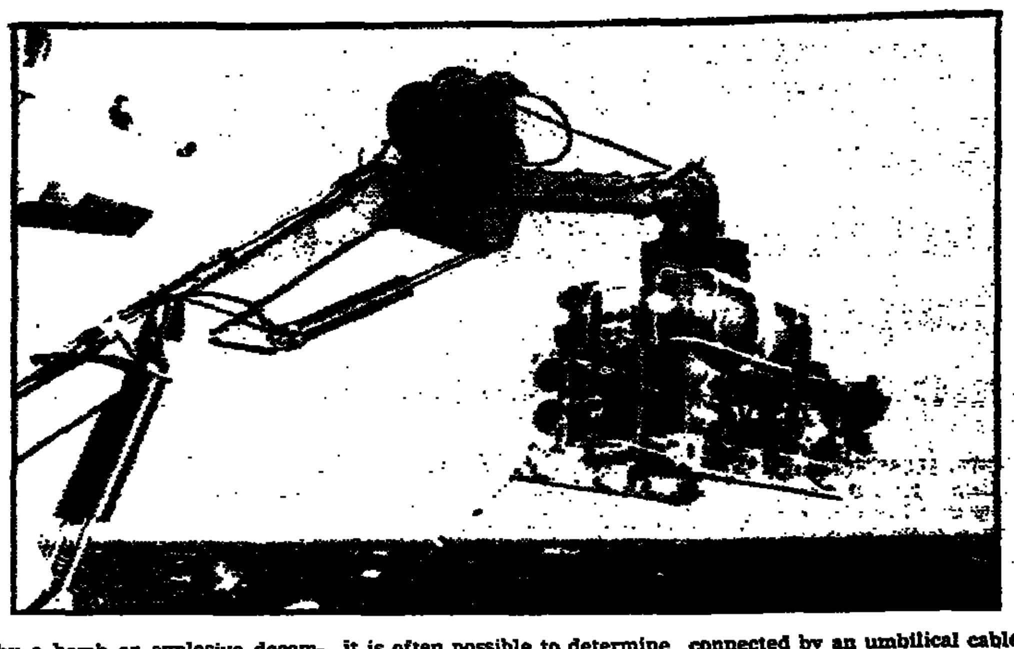
It is vital to discover the cause of the crash for two reasons. The first is that, if it was indeed sabotage, the air transport industry will have to take tough measures to strengthen security, both in the air and on the ground.

The second is the more worrying—if it was not a bomb, but some structural failure, how safe are the rest of the world's Jumbo jets?

THE Flight Data Recorder (FDR) of the Air India Jumbo jet which crashed into the sea south-west of Ireland on June 23, was recovered early yesterday by the French cable vessel, Leon Thevenin, using the Scarab underwater mini-sub (pictured right).

Scarab, normally used for repairing and laying undersea cables, found the FDR more than 6,700 feet down, detached from the other wreckage. It was brought to the surface, and is being taken to Cork along with the Cockpit Voice Recorder (CVR) found on the seabed earlier this week.

***The other ships searching* for the recorders may stay on station, to seek to recover wreckage of the aircraft. One of them, the Canadian vessel John Cabot, has a more advanced version of Scarab**



French central bank cuts intervention rate

BY OUR PARIS STAFF

THE Banque de France yesterday lowered its money market intervention rate by a quarter percentage point to 9¾ per cent in what is seen as a signal to French commercial banks to lower their base lending rates at a time of slow economic growth.

Its action took the markets by surprise because the fall was larger than expected. It brings the intervention rate *below the psychologically* important 10 per cent level.

The cut coincided with the release of encouraging consumer price inflation figures for June showing a 0.4 per cent increase in consumer prices last month. The Government hopes to hold down inflation this year at around 5 per cent. However, the lower intervention rate also comes a day after Insee, the national statistics bureau, forecast growth of only 0.8 per cent in France this year and *further pressure on unemploy*ment. M Pierre Beregovoy, the Finance and Economy Minister, has been arguing for some time for lower interest rates to help stimulate business activity.

Commercial banks continue to be reluctant to lower their base lending rates which stand at 11¼ per cent. The Government recently had to introduce a package of restrictive credit measures to try to slow down the growth in the money supply which has overshot its 4-6 per *cent range for M2 this year.*

Among the measures, the Government decided to lower the base it uses to calculate the official lending limits of commercial banks. This now makes it easier for bank to overshoot their lending limits and liable to penalty.

The banks claim that these measures and other costs make it difficult for them to lower their base rate. However, the Government appears confident of an eventual fall, albeit only a *small fraction of around* ¼ percentage point.

W. Europe share of ship orders set to fall

BY ANDREW FISHER, SHIPPING CORRESPONDENT

FAR EASTERN shipyards outside Japan will continue to gain market share into the 1990s in a stagnant world shipbuilding industry at the expense of Western Europe, Drewry Shipping Consultants said in a study of the industry's prospects.

Japan, the world's leader in shipbuilding, would also lose some market share, though retaining its overall supremacy, the London-based consultancy firm said.

The Dewry study is partly in line with the recent forecast by the Japanese industry, foreseeing no rise in production—now well below mid-1970s levels—for several years and then an increase in the next decade.

The main winners in market share terms are expected to be South Korea, the world's number two in shipbuilding after rapid growth in recent years, and China.

Since the middle of the 1970s, Drewry noted, global shipbuilding output has halved. Japan has shed 35 per cent of capacity and Western Europe 50 per cent.

But, "capacity expansions in South Korea, Taiwan, and mainland China have exacerbated the industry's malaise." Jobs in the sector have fallen by an estimated 15 per cent over the last 15 years to 1.5m, with Japan and Western Europe bearing the brunt.

Shipyard labour costs in Western Europe were thought to be about 70 per cent higher than in Japan, whose workers better paid than in Korea. In turn, Koreans earned several times more than workers in China.

* *Prospects for World Shipbuilding. Forecast to 1994. Drewry Shipping Consultants; 34 Brook Street, London. Price $500 overseas or £300 in UK.*

Distribution deal for Olivetti

By Alan Friedman in Milan

OLIVETTI, the Italian office automation group, said yesterday it had reached agreement with Computerland, a Luxembourg-based retail computer chain, for the distribution of Olivetti personal computers outside the U.S.

The agreement is another step in Olivetti's strategy of developing a series of indirect distribution networks *beyond its own and beyond* the important ties it has with AT & T and Xerox in the U.S.

Matra wins metro contract

BY DAVID MARSH IN PARIS

MATRA, the French electronics and defence group, has clinched a FFr 2.1bn ($233m) order to build an automatic underground railway in Toulouse, south-west France.

The company hopes this will boost its chances of winning metro contracts abroad. It is making a special effort to sell its unmanned VAL system in a number of U.S. cities.

The Toulouse decision to opt for the VAL system (which stands for Light Automated Vehicle) comes three years after Lille in north-east France opted to buy VAL for its *metro project.*

The Lille line, which will be extended from nine to 40 km at the end of the decade, has been used by Matra and the French authorities as a showpiece to try to boost export chances.

The Toulouse metro is aimed to run over 23 km by 1990. The deal was won in competition with Alsthom Atlantique's rival tramway system.

Matra had a preliminary success last year when it was chosen to build a VAL metro in Orlando, Florida, although the final financial contract has not yet been signed.

It is also hoping to win a deal to sell the VAL to Jacksonville in Florida. A number of other U.S. cities including *Dallas, Detroit* and Minneapolis are also eyeing French propositions for metro projects.

Romania loan bid advances

By Peter Montagnon, Euromarkets Correspondent

ROMANIA'S LEADING creditor banks have shown a broadly sympathetic response to the country's first request for an international loan since it was forced to reschedule its debts in the wake of the Polish debt crisis of 1981.

Nine leading creditors promised to study Romania's request further at a meeting hosted this week in London by Barclays Bank. Romania is seeking a $150m, five-year credit to compensate for shortfalls in its cash-flow caused by the exceptionally hard winter.

Romanian officials told the meeting the money was needed for "vital imports" connected with investment projects. The banks have asked them to furnish more details ahead of a second meeting expected to take place by the end of the month.

One concern is that the projects concerned should be ones that will generate foreign exchange when completed so as to provide resources for paying off any loan.

Subject to agreement by the nine banks available as early as September, but terms remain to be negotiated.

Some are also urging Romania to consider a World Bank co-financing deal further down the road. The Bank *currently has three missions* in Romania looking at various projects but a co-financing is not feasible in the short term

Romania did not reschedule its debt last year and is not expected to do so in 1985, even though the hard winter necessitated extra fuel imports and delayed some export deliveries

Partial victory for Adams in Commission case

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE EUROPEAN Commission should have warned Mr Stanley Adams that he risked arrest and imprisonment if he returned to Switzerland after giving the Commission information about breaches of EEC fair trading laws by his former employer, the Swiss drugs giant Hoffman-La Roche.

That is the view of one of the Advocates General of the European Court of Justice in his opinion to the court yesterday on the merits of Mr Adams's £500,000 damages claim against the Commission.

But Advocate General Federico Mancini rejected Mr Adams's complaint that the Commission broke a duty of confidentiality it owed him when it disclosed his identity to Roche after he had left the company.

The court *will* now *consider* its decision on Mr Adams's claim, which is expected to be announced in October. Although the Advocate General's opinion is not binding on the court, it is comparatively unusual for it to take a contrary view.

Mr Adams yesterday greeted Sig Mancini's opinion as a partial victory. His "whistleblowing" resulted in the Commission fining Roche DM 1m (£260,000) in 1976 for infringing Article 86 of the Treaty of Rome which bans unfair trading practices. The European Court later reduced the fine by a third.

He was arrested and spent three months in custody in Switzerland in 1974. While he *was in prison his wife commit*ted suicide after being told he would be jailed for 20 years.

Sig Mancini said that the Commission had treated as a bluff Roche's threat to prosecute the informant when he was *identified. It should have taken* all necessary measures to prevent such threat becoming a reality.

Accession treaty to EEC ratified by Portuguese

BY DIANA SMITH IN LISBON

MORE THAN two-thirds of the 250-strong Portuguese Parliament voted yesterday to ratify the treaty of accession to the European Community, at the end of a two-day marathon debate.

Christian Democrats, and independent centre-left splinter parties joined forces with the Socialist-Social Democrat coalition Government to ensure ratification.

The pro-Moscow Communists and a lone "Green" deputy voted against. Since Portugal first applied to join eight years ago, the Communists have insisted that EEC entry will destroy the Portuguese economy.

Closing the debate, Sr Mario Soares, the Prime Minister, said: "European membership is not a panacea but a challenge."

Stressing that the only opponents of accession were those advocating a return to the ill-famed "standing proudly alone"—keynote of Portugal's 50-year-long right-wing dictatorship t hat ended in 1974—he insisted that the overwhelming majority of the Portuguese re*jected such isolationism.* Portugal must now work hard to derive all possible benefits from membership.

Mystery of Boyer grips Spain

By Tom Burns in Madrid

THE SURPRISE resignation from the Spanish Government of Sr Miguel Boyer, the Economy Minister, a week ago continues to dominate politics despite repeated statements by the new cabinet's officials that there will be no change in the austerity programme Sr Boyer mapped out over the past two years.

The latest to give such assurances has been the Prime Minister, Sr Felipe Gonzalez, himself, who yesterday explained the government changes to Parliament. He repeated that Sr Boyer had asked to go and that he, Sr Gonzalez, had tried to dissuade him.

Sr Boyer had enjoyed his full confidence and support and his successor in the Economy, Finance and Trade Minister, would have the same.

When he announced the Cabinet changes last week (involving the sacking of the Foreign, Transport, Public Works and Regional Affairs Ministers and the unplanned resignation of Sr Boyer), Sr Gonzalez said the Economy Minister had told him he was "tired." This explanation only succeeded in launching the Boyer enigma.

The public debate over Sr Boyer's resignation is divided broadly into tw camps. There are those who believe he quit honourably because his hopes to establish firm control over the Government's economic team were thwarted by Sr Alfredo Guerra, the Deputy Prime Minister.

The opposing camp argues that Sr Boyer behaved irresponsibly and high handedly by making ultimatums to the Prime Minister. It also hints at personal reasons behind the resignation.

Recession adds to economic disadvantage for women, warns OECD

BY PAUL BETTS IN PARIS

WOMEN REMAIN in a position *of economic* disadvantage to men in the industrialised world and the recession is increasing the barriers to equality in the labour market, the Organisation for Economic Co-operation and Development (OECD) says in a detailed study on the integration of women into the economy published yesterday.

Despite improvements in the employment opportunities and conditions of women in industrialised countries during the past 10 years, the OECD warns that *existing achievements are* being undermined by the economic recession. Some countries, says the OECD, are responding to the problem of high unemployment by attempting to discourage employment of women.

Women continue to earn less than men: their earnings in the OECD are still on average about 20 to 40 per cent less than men, although the earnings differentials have narrowed in the past decade.

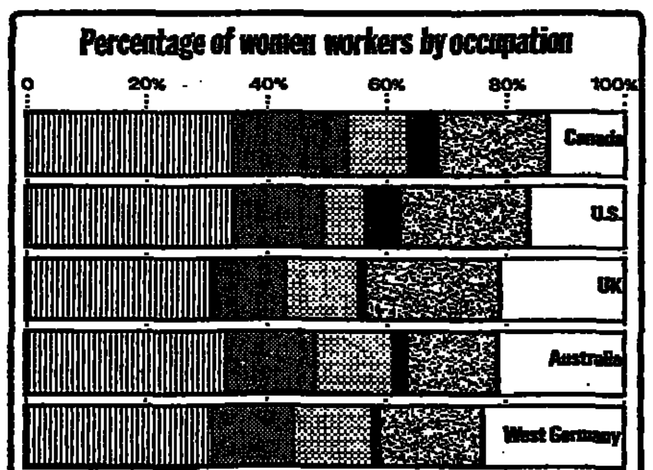
However, the earnings differentials vary according to the type of employment (manual or non-manual full-time or part-time), the industrial sector and occupation.

The report shows that the Scandinavian countries have the least difference between male and female earnings. In Australia, Ireland and the UK female earnings increased by the largest proportion, compared with male earnings. In contrast, West Germany and France showed a relatively slow increase in female earnings during the past 10 years.

Inequality in the education system, training, employment and the tax and social security systems, along with the domestic division of labour, have combined to perpetuate occupational segregation and women's greater vulnerability to poverty and dependence. The report also finds that budgetary cutbacks *and restrictions in many* OECD countries have had a particularly negative effect on women.

The study says there is little evidence of the impact of recent legislation in OECD countries on pay inequities. The OECD says equal pay legislation in industrialised countries must be beefed up, and recommends that appropriate and effective enforcement machineries for such legislation be set up in many countries.

Female unemployment has increased at a lower rate than male unemployment in recent years, but the crowding of women in a narrow range of occupations and into jobs requiring little skill or training reduces their employment opportunities and puts them at a disadvantage during rapid structural change in the economy.



The report identifies a number of fields requiring urgent policy action. These include:

- Prohibition of discrimination in employment and wage practices;
- Actions to change recruitment, promotion, pay and firing practices which discriminate indirectly against women;
- Education and training programmes to prepare women for a wider range of labour market opportunities;
- Provision of child care facilities and other service infrastructures;
- *More equality in the public* sector for women;
- Rearrangement of working time and working conditions to accommodate family responsibilities of women workers;
- Greater equity in taxation and social security institutions;
- Increasing the influence of women in structures affecting their opportunities.

The participation rate of women in the OECD labour force has increased from 49.2 per cent in 1975 to 54.7 per cent in 1983, while the male participation rate fell from 87 per cent to 84.3 per cent during the same period. The report notes that while there have been expanding opportunities for women in the private sector, it is the public sector that has offered the biggest openings especially for part-time employment.

However, the share of women in public sector employment varies greatly. In Scandinavian countries as many as seven out of 10 workers are women in the public sector, whereas in Japan and Australia there are two men to every woman.

The report dwells on the problem of part-time employment, the rapid growth of which, in the last 10 years has especially important implications for women. The female share of *part-time work* has become large *everywhere,* especially in Belgium, Denmark, West Germany and the UK where it now exceeds 90 per cent. In some countries such as Denmark, Norway, Sweden and the Netherlands, part-time work also accounts for more than 40 per cent of jobs held by women.

Although there are many advantages in part-time work for women, the OECD argues that the disadvantages and handicaps outweigh them. *Part-time work is often a form* of under-employment and the report says there are many indications that women suffer disproportionately from under-employment: advancement opportunities are minimal, workers may experience a depreciation of their skills since on the job training is rarely offered, and their exclusion from pension schemes in some countries means there will be no retirement income on the basis of employment-related pension schemes.

The OECD argues that countries must develop definitions of part-time employment to give the majority of part-time workers, who are mainly women, greater legislative protection.

The report also looks at the impact of technological change as women workers will be most immediately and directly affected by the new information technology in offices. The majority of women have found employment in the service or tertiary sector (in the UK it accounts for 72.3 per cent of female employment, 20.5 per *cent in the U.S.,* 67 per cent in France and 61.6 per cent in West Germany) and they will have to adapt to skill changes due to automation.

The OECD warns that the skill-changing requirements *mean women trained in only* traditional skills will face growing difficulties. Women are largely concentrated in the less-skilled occupations like secretaries, typists, book-keepers, stenographers and cashiers.

*Men, however, tend to be con*centrated in the higher skilled jobs in the information technology sector where micro-electronics is seen as a tool to assist in the analysis and decision making process.

The high technology sector will offer growing job opportunities in computer applications like programming, systems analysis and data management; but the chances for women in these fields remain bleak.

In the U.S., the report says women only hold 25 per cent of computer specialist occupations and represent 20 per cent of engineering and science technicians, where they tend to be concentrated at the lower end of the skill ladder.

In Europe, the proportion of women in higher skill level computer courses has grown over the past 20 years, but they still account *for* only 10-25 per cent of all course participants.

The OECD believes that the risk of *so-called technological* unemployment is very real in certain occupations and sectors. It says that countries must set up specific projects to give women access to a greater number of occupations and to new specialised technical skills.

"This is an especially important area for girls and young women who still suffer from vocational and academic counselling that steers them into traditional roles, into jobs with limited upward or lateral mobility, *or indeed into* unemployment," the report warns.

"The Integration of Women into the Economy," OECD, 2 rue Andre—Pascal, 75775 Paris, Cedex 16.

FEMALE SHARE OF WORKFORCE (%)

	1977	1982
Australia	35.8	37.0
Canada	37.8	40.9
Denmark	42.2	44.4
France	37.6	38.6
West Germany	37.6	38.2
Ireland	27.5	27.7
Japan	38.2	39.0
Netherlands	28.0	30.5
Sweden	43.7	46.2
UK	38.2	39.1
U.S.	40.3	42.8

Rafsanjani tipped as next Iranian Premier

By Kathy Evans in Doha

HOJATOLISLAM Hoshemi Rafsanjani, Speaker of the Iranian Majlis (parliament), now appears tipped to be the country's next Prime Minister, say reliable observers in Tehran.

The speculation has arisen following an editorial in the Tehran Times which called on Mr Rafsanjani to shed some of his current responsibilities and assume a post from which he could assert full control over the economy. Newspaper editorials generally reflect State policy in Iran.

In the next few days the election campaign for the presidency is due to open with the closing date of acceptances for potential candidates. By August, Iran should have a new president, who will then nominate a Prime Minister and Cabinet for approval by Parliament.

The existing Government of Hussein Moussavi has faced a number of political setbacks in the Majlis over the past 18 months.

It is expected that the elections will return Hojatolislam. Ali Khamenei as President. There does not appear to be any other serious contender and most diplomats in Tehran are assuming Mr Khamenei's re-election to be virtually a foregone conclusion.

The only other serious candidate, Hojatolislam Khoniha, deputy speaker of Parliament, was in effect eliminated from the presidential race last week with his nomination to the post of prosecutor general.

Mr Rafsonjani is already considered to be the second most powerful man in Iran after Iman Khomeini. His recent visit to Arab capitals and the Far East has undoubtedly added to his stature back home.

'Green revolution' scientist to lead famine project

BY WILLIAM DULLFORCE IN GENEVA

● Mr Carter: will contact African leaders

A PRIVATELY-ORGANISED international project is to be launched to fight starvation in Africa and to ensure that rural development there is not neglected when the present famine in the Sahel region passes into history and public interest wanes.

The project will be led by Mr Norman Borlaug, the American Nobel peace prize winner whose research into improving wheat varieties prompted the successful "green revolutions" in India and Pakistan.

It is to be funded for five years by Mr Ryoichi Sasakawa, the Japanese philanthropist, and the political spearhead is former U.S. President, Mr Jimmy Carter.

The plan emerged this week from a three-day "workshop" in Geneva on the alleviation of poverty and starvation in Africa, organised by the Centre for Applied Studies in International negotiations.

The workshop was limited to 25 people selected for their experience in farm development and nutritional problems in the poorest countries. The task was to find ways of appling the green revolution techniques to Africa.

Mr Borlaug optimistically contended that such a revolution was possible in many African countries within the next eight years. The "bits and pieces" required to put together the technology needed for a breakthrough in improving maize and sorghum production were already available, he said.

The technology had to be assembled into a "package of production practices," tested on hundreds of farms and married to economic policies that would allow small farmers to adopt it and so greatly increase food output.

The initial step, according to Mr Carter, will be to assign small groups of scientists to one or two African countries to "implant" demonstration projects.

Mi Carter recognised the importance of obtaining national political backing for the scheme, agreeing to contact the ambassadors of the countries selected. He said he hoped to talk personally to their presidents or prime ministers, and farming and health ministers.

Finance will be no problem initially. The foundation set up by Mr Sasakawa, whom Mr Carter described as "probably the world's most eminent philanthropist," gives away almost $500m (£365m) a year. Mr Carter said further sources of finance would also be available.

The longer-term goal is to make Africa self-sufficient in food by the end of the century. In the light of the results achieved in India and Pakistan in the last 20 years the workshop did not see this as an impossible target.

The approach agreed by the workshop seeks to blend the results of advanced plant research with the method successfully demonstrated over the past few years by non-governmental organisations such as Oxfam in starting self-help programmes for small farmers.

However, Mr Thomas Odhiambo, director of the International Centre of Insect Physiology in Kenka, warned that techniques developed in India could not be transferred directly to Africa.

More scientific work had to be done on African staples such as sorghum, cassava and sweet potatoes. Commitment had to be generated among African politicians and scientists and a "knowledge base" comparable to that available in India would have to be set up.

Mr Odhiambo underlined the importance of explaining the opportunities to the women who, it is estimated, furnish some 80 per cent of the work that goes into subsistence-level farming in Africa.

Morocco to issue more bonds

By Francis Ghiles in London

MOROCCO will issue a three-year government bond to help finance certain projects in the Western Sahara later this summer. In a broadcast to his people, King Hassan said that a previous issue of bonds last March had brought the Moroccan Treasury 450m dirhams ($44.3m): more than four times the initial targets.

The new issue will carry an interest rate of 14 per cent tax free, the same as four months ago – but the new issue can be subscribed and reimbursed in foreign currencies.

Morocco's claim to the Western Sahara, which its armed forces overran in October 1975, has been contested by Polisario Front guerrillas

The protracted conflict is estimated to cost the kingdom in excess of $1.5m a day while Moroccan investment in civilian projects in the territory has cost 5.7bn dirhams since 1976.

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Japan's 'man of the world' comes to Europe to prove it

BY JUREK MARTIN IN TOKYO

OF ALL the foreign insults inflicted on Japan, few burn more deeply than that passed by General Charles de Gaulle after a visit to France by Prime Minister Ikeda 25 years ago. "Who," the French President is reputed to have asked, "was that transistor salesman?"

The week-long mission of Mr Yasuhiro Nakasone, the Japanese Prime Minister, to France, Italy and Belgium and to the European Commission, starting today, is, to a remarkable extent, a conscious attempt to rectify the foreign image of Japan as little more than an economic animal.

Mr Nakasone has important bilateral sessions on his agenda. As he confirmed at a lunch in Tokyo on Wednesday, he will be trying to assuage President Francois Mitterrand's doubts about the usefulness of summits, not surprisingly because next year's is to be held in Tokyo.

He will also be seeking to convince a sceptical Europe that Japan is earnest about opening its markets to foreign goods, even if, as he is sure to say, the process will take time.

Surely no contemporary Japanese Prime Minister has had a schedule so filled with engagements unrelated to the conventional business of a head of government. Indeed, as the Japanese media has put it, his mission is to convey an image abroad of "Yasuhiro Nakasone, man of culture and of the world." The hyperbole has its inspiration inside the government: a senior Foreign Ministry official described the Prime Minister as "a philosopher and a man of letters—rather like President Mitterrand."

So, in France, he plans to present M Mitterrand with a volume of his own *haiku* (a 17-syllable form of Japanese poetry); he will be visiting Monet's home at Giverney outside Paris (which happens to house a splendid collection of *ukiyoe*, Japanese woodblock prints) and impressionist galleries in Marseilles, at the invitation of M Gaston Deferre, the city's socialist mayor.

His main public speech of the tour will be given at the Sorbonne, not to any parliamentary assembly; and he plans to renew acquaintances with his octogenarian former French teacher in Italy, Mr Nakasone has reserved a whole day for the museums and restaurants of Florence.

A cynical view is that Mr Nakasone's cultural excursions are a smokescreen, designed to minimise his direct exposure to European wrath over Japanese trading practices. This might be expected to be most apparent from the hands of the Commission in Brussels, which again seems intent on taking Japan to the court of the General Agreement on Tariffs and Trade (Gatt) later this year.

Mr Nakasone, however, seems inclined to take the offensive, diplomatically as well as culturally. He will, he said on Wednesday, remind Europe that Japan's trade surplus with the EEC is stable at about $10bn and that Japanese investment and joint ventures in Europe have "doubled or tripled" in recent years.

But Mr Nakasone, unwilling to be trapped in a narrowly economic debate in Europe, will hold out vistas of broader political co-operation. His Sorbonne speech may even invoke a dream of a new era of Pacific-Atlantic co-operation.

He will argue that just as Europe, and especially France, still commands broad influence in Africa, so Japan has a comparable, if differently defined, role to play in Asia. Working together and sensibly dividing regional responsibilities, both Europe and Japan could contribute to peace and stability throughout the world.

Mr Nakasone is not expected to be reticent in putting forward his views on the likely course of Soviet policies in advance of November's Gorbachev-Reagan summit in Geneva, and the Soviet leader's visit to Paris before then.

He will recall his own meeting with Mr Gorbachev earlier this year and suggest that, in his view, Mr Gorbachev needs "peace and time" in order to revitalise the Soviet economy, which, Mr Nakasone believes, is in the throes of the "middle ages of Marxism."

There are few, if any, modern Japanese leaders as capable as Mr Nakasone of such cosmopolitanism. It is, indeed, significant, that he is embarking on this mission in a very un-Japanese manner, in that he is not being accompanied by other Cabinet ministers and has a smaller than usual retinue of advisers.

But there will be enough of a media presence to ensure that the secondary purpose of his journey—the bolstering of his domestic image—is not neglected. Mr Nakasone's best hope of staying in office beyond November next year seems increasingly to lie in his donning a quasi-presidential mantle, appearing far above the internecine politicking of his intra-party rivals.

The nature of Japanese politics, however, make that an even more daunting task than convincing Europe that he is more than merely the acceptable face of Japanese capitalism.

VW tries to end strike in S. Africa

By Anthony Robinson in Johannesburg

VOLKSWAGEN South Africa's Uitenhage car plant in the Eastern Cape remained strike-bound for the second day as unions and management yesterday sought a way out of the impasse created by the decision to loan vehicles for the forthcoming controversial Springboks versus New Zealand All Blacks rugby tour.

What seemed to Volkswagen management "a low-cost marketing strategy" to boost flagging sales of VW microbuses was angrily rejected by union officials and workers from the highly politicised black townships. Some 3,500 men downed tools on Wednesday to show their opposition to "international links which did not further the interests of the oppressed in South Africa."

The company's plan was to secure high profile public exposure by lending eight microbuses painted in the All Black colours of black and silver and four in the gold and green of the Springboks, complete with leaping springbok with rugby ball logo on the front door.

But company arguments that this would help to preserve employment at the recently modernised Uitenhage plant cut little ice with the mainly black and coloured workforce angered at the company's apparent insensitivity to the controversial nature of the tour.

The Volkswagen strike is one of three highly charged issues currently affecting the South African labour scene. The results of the strike ballot organised by the black National Union of Miners (NUM) are expected to be announced today with union spokesmen indicating that the outcome could be a legal strike in support of the union's final revised demand for a 22 per cent across-the-board wage increase and improved benefits.

This compares with increases ranging from 14.1 to 19.6 per cent offered by the Chamber of Mines.

Meanwhile the fate of 490 workers at the AECI Chlor-Alkali factory at Ballengeich near Newcastle in Natal hangs on their acceptance or otherwise of a return to work ultimatum set by the company for noon today. The plant which lost R12m last year, has been involved in lengthy strike action and months of negotiations over a complex pay claim. AECI is owned 40 per cent by Anglo American Corporation and 38 per cent by IC of the UK.

Chinese President leaves on visit to U.S., Canada

BY ROBERT THOMSON IN PEKING

THE Chinese President, Li Xiannian, left yesterday for a goodwill tour of Canada and the U.S., and advised the U.S. Government to keep clear of Taiwan and not to interefer with China's family planning policy.

President Li, 73, is generally more of an elder statesman than a table-thumper, but he stressed yesterday that "the Taiwan issue still remains the biggest obstacle in Sino-U.S. relations," as the Chinese leadership increasingly shows interest in settling the Taiwan question, now that Hong Kong is on its way back to the fold.

"Taiwan is Chinese territory and China's goal is to reunify the country peacefully. Any proposal of 'one Taiwan and one China or two China's would be absolutely unacceptable to the Chinese people," he told a press conference before leaving on his 17-day tour.

He was also critical of U.S. House of Representatives resolutions condemning China's family planning policy. He said that the resolutions were entirely based on "fabrication and distortion," and were "unacceptable" interference in China's internal affairs.

Rumours that the long-delayed nuclear co-operation pact with the U.S. could be settled during the visit have been discounted by a U.S. spokesman in Peking, who understands that the agreement is on indefinite "hold:" "Our understanding is that it is not expected."

Western diplomats suggest that the potential for agreement has been "talked up" through strategic leaks in Washington to put pressure on the Chinese to settle the problem. The agreement, which will enable U.S. companies to sell China nuclear technology, was initialed by negotiators during President Reagan's visit here last year, but has not had the necessary U.S. Congress approval.

The U.S. has sought Chinese guarantees on nuclear non-proliferation before committing itself. At his press conference, President Li said that China "has done what he should," and that the onus was on the U.S.

Nkomo blames Zanu leaders

By Michael Holman in Harara

MR JOSHUA NKOMO, leader of Zimbabwe's Zapu Party, which won 15 of the 79 contested black seats in the recent general elections, yesterday implicitly blamed the leadership of Prime Minister Robert Mugabe's Zanu-PF for the political unrest which saw "thousands" of opposition supporters evicted from their homes in Harare's black townships.

The evictions of supporters of Mr Nkomo and other opposition parties ended on Wednesday following appeals from government officials and the majority have returned to their homes.

Mr Nkomo, speaking to journalists at his Highfield home, was asked who if anybody had issued instructions to the bands of Zanu-PF members who for three days roamed the townships. The fact that the police had failed to intervene, replied Mr Nkomo, "gives one the impression that it came from the top hierarchy of Zanu-PF."

The Zapu leader also came out against Mr Mugabe's intention to abolish the bloc of 20 white parliamentary seats,

Seoul to seek UN membership

By Steven B. Butler in Seoul

SOUTH KOREA has decided to seek separate full admission to the United Nations, breaking a long-standing policy of seeking simultaneous admission to the world body with North Korea.

The shift in policy seems certain to provoke a strong reaction from North Korea. The North has consistently opposed UN admission for the two nations, either separately or together, on the grounds that it would perpetuate the division of the Korean pennisula.

In the early 1970s, North Korea broke off a series of talks with South Korea after Mr Park Chung-Hee, the late South Korean president, proposed simultaneous UN admission. The two Koreas have lately been engaged in series of discussions across a broad range of issues, and the South Korean proposal could potentially put the talks in jeopardy.

In recent years, South Korea has sought to broaden its relations with Communist and non-aligned nations, both to improve the international atmosphere for the 1986 Asian Games and the 1988 Olympics, which will be held in Seoul, and to seek support in its international political competition with North Korea.

'Sabotage sank Greenpeace vessel'

NEW ZEALAND police said yesterday a double explosion sunk the Greenpeace vessel Rainbow Warrior, AP reports from Auckland.

"An examination of the hull has satisfied us that we are dealing with a case of sabotage and that an explosive device has been detonated on the outside of the hull in the area of the engine room," said Det-Super Allan Galbraith, who is in charge of the investigation.

Mr Galbraith gave no indication who planted the bombs and no one has claimed responsibility. The explosions Wednesday killed a photographer on the ship. Twelve other people on board escaped unhurt.

He told reporters that navy divers found a hole in the hull measuring 6 ft by 8 ft. He said the 24 investigators on the case were treating the death of 33-year-old Ferndando Pereira as murder.

Prime Minister David Lange told reporters the confirmation of sabotage meant "we have the implication of political or terrorist overtones and we . . . an urgent need to investigate it." He said he had no evidence international terrorists sabotaged Rainbow Warrior.

The vessel's sinking forced Greenpeace, one of the world's most prominent environmental groups, to cancel a planned four-month voyage to the French nuclear testing zone at Mururoa Atoll in the Pacific Ocean about midway between Australia and Chile.

AMERICAN NEWS

House ends ban on aid to Unita

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE DEMOCRAT-controlled House of Representatives has *extended its growing support* for anti-Communist rebels around the world by voting to end a nine-year-old ban on U.S. military aid to forces fighting *the Marxist Government of* Angola.

Following a similar vote in the Senate last month, it is now likely that the ban will finally be lifted. The Administration, however, has said that it has no immediate plans to start giving direct military support to the Unita forces led by Dr Jonas Savimbi, against whom the ban was first directed under the so-called Clark Amendment of 1976.

The House action came on the heels of its approval earlier this week of $5m (£3.7m) in aid for non-communist rebels fighting the Vietnamese-controlled Government of Cambodia, and last month's endorsement of $27m in humanitarian assistance to the anti-government "Contra" guerrillas in Nicaragua.

The votes reflect a tougher stand on foreign and defence issues by moderate House *Democrats, who are increas*ingly keen to avoid accusations of being "weak" on defence or "soft" on communism—particularly at a time when the U.S. *is subject to terrorist attacks.* Sixty democrats joined the Republican minority in voting to repeal the Clark Amendment —a major reversal of the House's earlier position on the issue.

Opponents of the move argued that its timing was particularly bad, in that it would imply House support for South African military action in Angola and damage the delicate peace process in the region. They also contended that it was inconsistent with the recent *House vote to impose* tough economic sanctions on South Africa, which backs the Unita forces.

Efforts to pass similar, though slightly less far-reaching South African sanctions legislation in the Senate this week have so far been blocked by a procedural rearguard action by a small group of right-wingers led

Jesse Helms—fighting a rearguard action

by conservative Republican Senator Jesse Helms of North Carolina. The Senate Republican leadership, however, was still hoping to bring the Bill to a vote by the end of the week.

In other votes, the House also showed strong support for Salvadorean President Jose Napoleon Duarte in his fight against left-wing guerrillas by rejecting efforts to subject U.S. military aid to El Salvador to tough political conditions. Apparently in response to the recent killing of four U.S. marines in San Salvador, it also approved plans for U.S. aid funds to be used to train civilian police forces in El Salvador and Honduras.

In a further move to strengthen President Reagan's powers against terrorism, the House provisionally agreed to give him increased authority to suspend U.S. aid to countries with airports judged a security risk, and ban U.S. airlines from flying there. It encouraged Mr Reagan to continue his efforts to close Beirut airport by suspending *international flights*, and urged him to seek similar boycotts of airports in Iran and Libya.

It also voted a total embargo on U.S. trade with *Libya*, which is already negligible, and gave Mr Reagan authority to ban imports from countries supporting terrorism.

Senators urge Moscow to test Reagan on Star Wars curbs

TWO KEY U.S. senators urged the Soviet Union on Wednesday to submit detailed proposals at the Geneva arms control talks to test the Reagan Administration's *willingness* to compromise on its Star Wars missile defense program, AP reports from Washington.

Democratic Senator Sam Nunn and Republican Senator Ted Stevens both said they think the Administration would agree to curbs on Star Wars, officially known as the Strategic Defense Initiative, although not on research.

Meanwhile, a Soviet general has said Moscow's offer to reduce strategic nuclear missile forces by 25 per cent or more applied to warheads, as well as missiles, according to a published report.

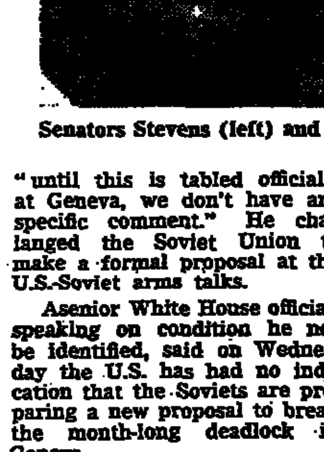
General Nikolai F. Chervov, *arms control chief for the* Soviet general staff, relayed the Kremlin's position to representative Stephen Solarz last week in Moscow, the New York Times *said* yesterday.

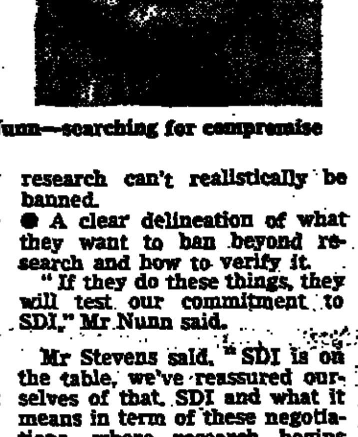
A reduction in missiles alone could leave each side free to increase its warheads to each allowed missile, or make no cuts in missiles at all.

The statement represents the first indication that the proposal made public two months ago by Mr Mikhail Gorbachev, the Soviet leader, covers warheads as well as missiles, the paper said. It said no formal offer along those lines had been presented by the Soviet Union at the arms reduction talks with the U.S. in Geneva.

Mr Larry Speakes, the White House spokesman, said yesterday the U.S. "would welcome Soviet flexibility in this area, *especially in the area of war*heads, which would be a new statement on their part."

However, Mr Speake said,





Senators Stevens (left) and Nunn—searching for compromise

"until this is tabled officially at Geneva, we don't have any specific comment." He challanged the Soviet Union to make a formal proposal at the U.S.-Soviet arms talks.

Asenior White House official, speaking on condition he not be identified, said on Wednesday the U.S. has had no indication that the Soviets are preparing a new proposal to break the month-long deadlock in Geneva.

Mr Nunn, the ranking Democrat on the Senate Armed Services Committee, said the Soviets need to be heard from in four areas.

● Specific numbers for proposed reductions in strategic arms.

● *Satisfactory* response to U.S. allegations of arms control violations.

● A recognition that Star Wars research can't realistically be banned.

● A clear delineation of what they want to ban beyond research and how to verify it.

"If they do these things, they will test our commitment to SDI," Mr Nunn said.

Mr Stevens said, "SDI is on the table, we've reassured ourselves of that. SDI and what it means in term of these negotia*tions*, where research begins and where it ends, where any kind of preliminary application of any breakthroughs . . . there is going to have to be a negotiation on that."

"I think even the definition of what is research would be negotiable," he said.

Both senators met with Soviet *negotiators* in Geneva, but said they did not detect any indication of Kremlin flexibility on Star wars.

Pentagon to resume laser tests

THE U.S. Defense Department says it will soon start new tests in which lasers will be directed at small rockets, AP reports from Washington.

The announcement on Wednesday followed a "successful" experiment involving shooting a laser at the space shuttle last month.

Five such experiments have been planned "over the next several months" using modified Terrier-Malemute rockets that will be launched from Kauai, Hawaii, according to the Strategic Defense Initiative Organization, the Pentagon office that directs President Ronald Reagan's Star Wars research effort.

After each launch, a ground-based laser on Maui, Hawaii, will attempt to track and hit the moving rocket. Ground stations in Hawaii will then measure the laser's reflection from the rocket, the Defense Department said.

"The purpose of these experiments will be to test various techniques of high precision tracking and atmospheric compensation for ground-based lasers. These experiments are a follow-on to the successful high precision tracking experiment performed with the Shuttle Discovery in June," the State Department said.

After one false start caused by a navigational error, the laser station on Maui was able to successfully track and bounce a laser signal off the Discovery.

The Pentagon says the modified navy rockets will be airborne for only about eight minutes, but will soar to an altitude of roughly 400 to 460 nautical miles—almost twice as high as the Shuttle's orbit during the June mission.

U.S. trade gap may top $140bn

BY STEWART FLEMING IN WASHINGTON

THE U.S. Commerce Department yesterday offered a gloomy projection of the U.S. foreign trade outlook saying that the merchandise trade deficit this year will rise to $140-$160bn (£104-£118bn) up from $123.3bn in 1984.

It adds that even if the dollar's value declines later in 1985, "gains in price competitiveness would not significantly affect 1985 trade volume."

In a lengthy study analysing U.S. trade performance in 1984, and the current outlook, the Department cites several factors which will keep the trade deficit rising this year. It says that the initial effect of dollar depreciation "would be to increase the U.S. trade deficit" because imports already contracted for in foreign currencies *will require larger dollar* payments.

Economic recovery in Japan, Europe and elsewhere continues, it says but adds "there is little indication of sharp near term increase in growth rates that would significantly improve U.S. exports prospects."

"A *significant* near term improvement in the U.S. balance of trade with (developing countries) seems unlikely," it argues, because such countries must earn trade surpluses or narrow their trade deficits because of their strained international finances. As a result they can only increase imports to the extent that their exports rise.

The report points out that the narrowing U.S. technological edge provides "little reason to believe that U.S. manufacturers' exports will rebound sharply in the near term. Pricing will become increasingly decisive in competition for foreign sales."

Although the U.S. trade deficit in petroleum rose for the first time in two years in 1984 to $54.7bn (40.5bn), the report says that it is uncertain whether it will increase or decrease in 1985, with the answer depending on the balance between import volume and price movements.

In a section of the report dealing with special topics, the Commerce Department concludes that "as a consequence of a continued and increasing trade imbalance (trade), tensions with Japan will continue particularly during periods of slow economic growth and high unemployment in Japan's trading partners."

Developing a theme the Commerce Department has highlighted before, the report points out that the U.S. trade surplus in "high tech" products had declined from $27bn in 1980 to $6bn last year. But it suggests that strong economic growth and high levels of research and development and investment spending should contribute to improved U.S. high tech trade performance over the longer term.

Tighter airline security agreed

THE International Civil Aviation Organisation (ICAO) has agreed to measures aimed at warding off increased terrorism against commercial air travel, AP reports from Montreal.

The measures, adopted by ICAO's 33-member governing council on Wednesday, call for the United Nations agency to review current procedures and provide for a council of experts to make recommendations on tighter security.

Except for aviation standards, member nations are not forced to comply with the agency's *recommendations*.

This week's ICAO council session follows a special council meeting on June 27 called after a spate of terrorist and suspected terrorist acts, including the hijacking of a U.S. TWA airliner, the loss of an Air India Boeing 747 and the explosion in luggage taken off a CP Air flight at *Tokyo's Narita's airport*.

Mexico abolishes 'free' peso exchange rate

BY DAVID GARDNER IN MEXICO CITY

MEXICO'S monetary authorities have abolished the so-called "free" rate for the peso, with effect from yesterday, in what amounts to a devaluation for the middle-classes. It is also stage two of an extraordinary slow motion devaluation strategy.

Until yesterday, three exchange rates for the peso against the dollar operated in Mexico. There were:

● The controlled rate at which some 80 per cent of the country's commerce and foreign debt of $96bn (£71bn) is traded;

● The officially set "free" rate to cover all other transactions, mostly private or "non essential";

● A parallel or free market rate, christened "super free" by local businessmen. This started as a futures market in New York and Chicago, and a more dynamically speculative market on the U.S. border, but over the last year has spread into Mexico itself through private exchange houses licensed by the Government.

Throughout June, in the run-up to last Sunday's most bitterly contested mid-term elections in modern Mexican history, and amid concern over softening oil prices and the increasingly rudderless look of the Government's economic policy, heavy speculation on the parallel market forced the Government to intervene.

The "super free" rate started June at 272 pesos to the dollar and yesterday stood at 334, having climbed to 350 pesos on the border in the week prior to the elections. This compares with an official free rate on Wednesday of 248 to the dollar.

In an attempt to narrow this spread, and eschewing either an increase in the daily, 21 centavos slippage against the dollar or a more conventional devaluation just before the elections, the Government put the nationalised banks into the "super free" market at the beginning of the month.

This has dampened speculation, and with yesterday's abolition of the "free" rate, the hope is that the peso will now gradually find a more realistic parity.

A third stage in the strategy is due *to go into effect later* to complete the devaluation, which as it stands affects wealthier Mexicans who for example wish to travel abroad or import luxury goods. They will now have to pay a premium of approximately 25 per cent for their dollars.

The final stage of the devaluation is likely to involve the switch *of some* or all *exports* from the controlled rate to a lower rate, if not indeed to the "super free" rate, in a bid to boost non oil exports, which have fallen by some 15 per cent in the first half against the same period last year. Some increase in the daily "crawling peg" is also a possibility.

This complex strategy, largely designed to conceal the fact that a devaluation is taking place, is breathtakingly audacious in a country as sensitive to exchange rate fluctuations as Mexico.

Since the 1982 financial collapse and the massive devaluations that followed—reducing the peso's value over seven times on the now defunct free rate — capital flight has accelerated to total an estimated $20bn-25bn now held by Mexicans abroad.

Shultz seeks Asean assistance on Gatt talks

BY CHRIS SHERWELL IN KUALA LUMPUR

MR GEORGE SHULTZ, U.S. Secretary of State, yesterday urged the South East Asian nations and the industrialised countries to try to change the attitudes of India and Brazil in a bid to speed progress towards a new round of multilateral trade negotiations.

India and Brazil, and some other developing nations, are strongly opposed to including services in the General Agreement on Trade and Tariffs round. The U.S., however, has made clear it wants services to be included in the talks.

Mr Shultz was speaking in Kuala Lumpur at a forum which linked the six member Association of South East Asian Nations (Asean) with the U.S., the EEC, Japan, Canada, Australia and New Zealand. Asean groups together Malaysia, Singapore, Thailand, Indonesia, Brunei and the Philippines.

*Mr Shultz's outspoken re*marks referred to meetings in Geneva being held to approve a preparatory session of talks which might be convened by September.

These talks are designed to lead to trade negotiations next year which would supersede the nine-year-old Tokyo Round.

Behind Mr Shutz's concern is the Reagan Administration's desire to counter increasing protectionist moves in the U.S. Washington has previously been frustrated, notably at the Bonn Economic Summit in May, by France's refusal to commit *itself to a date for such* negotiations.

Japanese officials yesterday indicated that they too expected Asean, as a large grouping of developing countries, to intercede with India and Brazil to move matters forward.

But Malaysia's Foreign Minister, speaking for Asean, indicated it would not be considering the matter urgently.

In a separate presentation Mr Claude Cheysson, representing the European Commission, pointed to a 60 per cent increase in Asean-EEC trade between 1980 and 1984 and said *the EEC's recent enlargement* offered Asean great opportunities.

Mr Cheysson said that the EEC was Asean's third largest market after Japan and the U.S., and took 14 per cent of its exports.

The composition of those exports was also changing, with only 51 per cent raw materials or agricultural (74 per cent ten years ago) and 46 per cent manufactured goods (up from 25 per cent).

At a briefing later, Mr Cheysson said the accession of Spain and Portugal to the Community ought to help rather than hurt Asean exports to the EEC.

On Asean's fears of losing tariff privileges as they grew more affluent, he said the EEC was planning to change its policy and apply privileges to products rather than countries.

Australia firmly voices its trade complaints

In this second article in a series on Gatt, **Michael Thompson-Noel** reports on Canberra's call for the next round of talks to take account of the smaller trading countries' interests.

WHEN 40,000 farmers jammed Canberra last week, it was the Australian capital's biggest-ever demonstration—a cross between a rodeo and a peace march in which droves of suntanned bushmen and their wives milled peacefully along Canberra's stately avenues before thronging the lawns of Parliament House.

As bureaucrats peeped from their windows, the farmers shouted: "Get back to work, you bludgers."

The target of the farmers' ire was rising fuel prices, and the capital gains tax proposed by Mr Bob Hawke's Labor Government.

One farmer's wife, from Quambone in New South Wales, said that she and her husband had paid more than A$25,000 (£12,500) for fuel last year, plus A$36,000 for routine maintenance. "We just cannot afford it. We are going down the drain. And if the farmers go down the drain, Australia goes down the drain."

What seemed curiously absent from the demonstration was any inclination to blame foreign trading partners, or the workings of protectionism, for Australian farming's plight.

This is not a mistake that Mr Hawke makes. In a speech in Brussels earlier this year, for example, the Australian Prime Minister itemised the damage caused by subsidised exports from the EEC.

"*Australia,*" *he said,* "*is a* country particularly affected by the Common Agricultural Policy. We have been totally shut out of the community market for sugar and wheat, had our access for meat and dairy produce severely reduced, and our fruit trade severely compressed.

"More recently, as community policies have led to it emerging as the world's largest exporter of dairy products and beef and a very large wheat and sugar exporter as well as a major source of subsidised wine, we face erosion of our hard-won market opportunities elsewhere and severe hardship for our farming community."

Europe's antics account for only a part of Australia's concern over deteriorating trade conditions, which is why Australia has been a prompt and vigorous supporter of moves towards a new round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (Gatt) umbrella.

From Australia's point of view, the world trading system has perpetuated and encouraged the maintenance of a broad range of non-tariff barriers: the "special" treatment of agriculture, outside the established rules of trade; tariff escalation against processed raw materials; barriers against the exports of the newly-industrialising countries of the Pacific region; and the spread of safeguard measures against imports, outside the Gatt disciplines.

Mr Hawke believes a minimalist approach to trade reform is simply not on. "A new round must be founded on a genuine commitment by the majors to trade liberalisation and to a return to the principles of the Gatt."

Mr John Dawkins Australia's new and much-more-visible Minister for Trade, says that the talks must deal with agricultural trade distortions, non-tariff barriers, subsidies and safeguards as matters of priority.

In Brussels last month, flanked by Australia's Foreign and Primary Industry Ministers, Mr Dawkins made clear to the European Commission that agriculture was a non-negotiable pre-condition to Australia's participation in a new round of multilateral talks.

"We will vigorously insist on these matters being addressed," he says. "Following the Bonn summit there were reports of opposition to the inclusion of agricultural questions in the proposed new round. We *will firmly resist this position.*

"What we want to avoid is a new round which merely addresses the concerns of the powerful and fails to take account of the interest of the smaller trading countries such as Australia and others in our region."

In preparing for a new round Australia has been exploring with several Asian-Pacific neighbours the issues and actions necessary to ensure that the outcome of the new round more directly meets the interests of the majority of Gatt members.

Mr Dawkins says: "One specific possibility we may wish to consider as multilateral negotiations unfold is that regional countries explore the opportunity for trade liberalisation between each other under the umbrella of the Gatt and on a non-discriminatory basis.

"The fact that barriers to regional trade are highest in precisely those areas where comparative advantage is greatest provides a compelling logic for considering this option."

In May, Mr Dawkins visited Indonesia, Singapore and Thailand, all of which agreed to actively participate in a third meeting of regional senior officials in South Korea in early September. The talks stem from *an Australian initiative in* November 1983, and are intended to develop more productive regional and bilateral ties, including the opportunity to examine the scope for trade liberalisation both within and outside the region.

Canberra officials say that the trade system cannot afford another unsuccessful ministerial meeting, or "general hand-on-heart statements which don't stop the juggernaut of protectionism. Theinternational price tionism. The international price business is understandably reluctant to invest in productive assets."

Any further worsening of trade relations between the U.S. and Europe, or the U.S. and Japan, would probably hurt Australia. Japan is easily Australia's biggest export market, taking more than a quarter (A$6.6bn) of Australia's exports in 1983-84. The U.S. took A$2.7bn worth. Australia still sells more to EEC countries than to the Asean bloc, which illustrates the multifacetedness of its trade concerns.

Australia is aware that it will be expected to liberalise its own market. It points to measures—some fairly modest—aimed at rolling back protection in clothing, textiles, footwear, steel, cars, finance and backing, and *claims it now operates no invisible* restraints on trade at all.

Australia has a lot at stake in pressing for a thorough overhaul of the international trading system, for its own performance recently has been poor.

As a world exporter, its ranking has slipped from eighth to 23rd over the past 30 years. Over the same period, its share of the world export market has dropped from 2.6 per cent to 1.2 per cent.

First, world demand for primary commodities, which still account for more than three-quarters of Australia's exports, has grown more slowly than for manufacturers, and has been exacerbated by protectionism.

Second, Australian manufacturers and exporters of services have been ill-equipped to venture forth, blinkered as they have been by the "import replacement" philosophies

For Australia, moves to liberalise world trade cannot come soon enough.

Japan's trade surplus with China rises sharply

By Carla Rapoport in Tokyo

JAPAN'S trade surplus with China for the first six months of 1985 will be more than *double that for the whole of* 1984, according to figures from Jetro, Japan's External Trade Organisation.

According to Jetro projections, the trade surplus for the first half of this year will be more than $2.8bn, (£2bn). The surplus in 1984 was $1.26bn.

Japan's exports to China in the six months leapt by more than 107 per cent to nearly *$6bn, boosted pri*marily by orders for cars, domestic appliances, and machinery equipment.

Sales of Japanese passenger cars increased 15-fold in the period, trucks and buses nearly 11-fold and television sets more than five-fold, according to Jetro figures.

China's exports to Japan, however, rose by only 7 per *cent in the first six months,* according to Jetro, to $3.16bn.

Businessmen and Government officials are divided as to whether the China boom will be maintained throughout 1985.

Jetro predicts that the growth of Japanese exports will slow substantially in the second half of the year because of a drop in China's foreign reserves

On the other hand, some of Japan's major trading houses believe that any slowdown will be a temporary phenomenon. Fearing that the widening trade gap, will result in U.S.-style retaliation, Japan has set up a bilateral committee with Chinese officials aimed at boosting imports from China.

Japan airlines plan to buy Boeings

JAL and All Nippon Airways (ANA) each plan to buy two Boeing 747s from the U.S. aircraft manufacturer, Reuter reports from Tokyo.

JAL said it planned to buy a short-distance Boeing 747SR and a long-distance Boeing 747LR, each valued at about $100m (£72.4m)

ANA said the airline would buy two Boeing 747LRs, but orders have not yet been placed. The airline hope to receive low interest financing for the purchase from the Japan Export-Import Bank.

Fiat signs $50m deal to modernise car plant in Poland

BY CHRISTOPHER BOBINSKI IN WARSAW AND ALAN FRIEDMAN IN MILAN

POLAND yesterday signed a $50m (£36.2m) contract with Fiat Auto, Italy's largest car company, to modernise the 650cc Fiat 126 P model produced in the FSM plant in southern Poland.

The deal is to provide machinery, services and technical assistance to be financed by a five-year credit, Polish officials said.

The credit is one of the few Poland has arranged in the West after martial law, which was followed by Western credit sanctions. The sanctions have since been lifted.

The modernised Fiat 126 version with a 700cc engine is to come on stream in March 1987, and a major part of the plant's output will, as now be exported to the West.

This year the FSM factory plans to produce 205,000 cars, of which 67,500 will be sold for hard currency.

In the 13 years that the Fiat 126 has been produced at FSM, about a third of the plant's output has been sold abroad. Exports, however, are slipping.

Poland's other major car factory, the FSO works in Warsaw, also faces major modernisation decisions, and is talking to Fiat and Japanese companies on a co-operation agreement for production of a medium-sized passenger car in the late 1980s. An agreement, possibly involving credits of up to $100m, is expected to be reached in the autumn.

Pol-mot the State-owned car group, produces three Fiat models—the Fiat 125, Fiat 126 and a medium-sized vehicle, the Polonez. The Fiat 126 appears to be the most popular of the models: a total of 2m are on the Polish roads.

Fiat said yesterday the main aim of the new $50m contract was to further develop Poland's capacity for manufacturing and servicing the Fiat 126. Training as well as machinery and spare parts will form part of the agreement.

Mitsubishi plans to market Hyundai cars in U.S.

BY OUR TOKYO CORRESPONDENT

MITSUBISHI Motors, Japan's fourth largest motor company, yesterday confirmed it is negotiating with Hyundai of South Korea on plans to market Hyundai's passenger cars in the U.S.

The Japanese company said yesterday that the deal was not expected to be completed until 1987, although motor industry observers expect shipments of Hyundai's new "X"-car, a hatchback model just entering production to begin as early as next year.

The talks are the second this week involving both a Korean vehicle manufacturer and Japanese company in the U.S. market. Earlier in the week, Mazda confirmed that it will be working with KIA Industries of South Korea on a subcompact to be marketed by Ford in the U.S.

Mitsubishi Motors, which owns 7.5 per cent of Hyundai, sold 1.6m cars and trucks in the U.S. last year through its 88 dealerships as well as through Chrysler outlets.

Hyundai is believed to be planning to sell an initial 60,000 units a year in the U.S., building up to 140,000 a year. To take on the new cars, Mitsubishi is expected to strengthen its dealership network in the U.S.

The Japanese group also plans to begin manufacturing small passenger cars in the U.S. jointly with Chrysler in 1988.

Mitsubishi Motors, which supplies engines to Hyundai, believes that the Korean car will not hurt sales of its own U.S. model, the Dodge Colt, as it will be smaller and sold at a lower price.

UK NEWS

Car producers braced for surge in sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

UK-BASED car producers are gearing up for bumper August sales after latest figures which show that output in June reached the highest level for 18 months.

The statistics suggest that either car production this year will top 1m for only the second time since 1979 or there will have to be short-time working in the autumn to clear excess stock left over from the peak sales period.

It also became clear yesterday that pricing will play an increasingly important part of the manufacturers' policies as they vie for attention during August when up to 20 per cent of all new cars will be sold.

Talbot UK, the Peugeot group subsidiary, for example today announces a version of the five-door, British-built Horizon saloon costing £1,500 less than anything in the Horizon range at the moment.

The Horizon LE will go on sale on August 1 at £3,995, making it the only car of its size under £4,000. Talbot UK has cut costs by using a 1.1 litre engine instead of a 1.3 litre unit, a four-speed instead of a five-speed gearbox and by having a lower level of trim and specification.

Dealers contribute to the cut-price model by taking only half their usual margin of profit.

Other low-priced models are to be introduced by Talbot UK in August to tempt the private motorists who predominate in a month in which the new pre-fix letter, which indicates year of manufacture, is introduced to number plates.

Austin Rover, the BL subsidiary, has already announced it has a budget-priced Maestro, £439 cheaper than any Maestro presently available, for sale in August.

Manufacturers' optimism about August sales is reflected in the fact that last month, at 93,000, car production was well ahead of the 64,000 for June 1984. However, that month was severely distorted by an industrial dispute which stopped production at Austin Rover's Longbridge plant, Birmingham.

According to provisional estimates by the Department of Trade and Industry, car output for the six months to the end of June was 16 per cent higher than in the corresponding period of 1984 and 18 per cent above the monthly average for last year.

Trials in local radio stations to go ahead

By Raymond Snoddy

THE GOVERNMENT is to press ahead with plans for about 20 experimental community radio stations and plans to publish a Green Paper (discussion document) on the subject next summer.

Mr Leon Brittan, Home Secretary announced yesterday his decision to set up the experimental stations to test the viability of a range of different types of community radio.

The new stations, which will be smaller than existing local radio stations, could be broadcasting by early next year. Different types of community radio will be set up and financed in different ways in different locations.

"The central criteria will be that they should enhance existing broadcasting arrangements and broaden the diversity of consumer choice by offering the community in question an additional service which is distinct in character," Mr Brittan said in a written answer in the House of Commons.

The stations will either cover specific locations, communities of interest or cater for ethnic minorities. Locations of the experimental stations and the procedure for applications will be announced shortly.

Tebbit frontrunner for key post in Conservative Party

BY PETER RIDDELL, POLITICAL EDITOR

Tom King: position now less secure

FORGET the Tories' crushing defeat at the recent Brecon and Radnor by-election. The main talking point among ministers and Tory MPs this week, has been the Government reshuffle in the second week of September. No one, of course, knows what is going to happen, but the main options have become clearer.

The key point is that the balance of the Cabinet will not change. The Chancellor of the Exchequer, Foreign Secretary and Home Secretary will almost certainly stay where they are, as will most other Cabinet ministers. There will not be a repetition of the September 1981 reshuffle when Mrs Margaret Thatcher, Prime Minister, did alter the balance of her Cabinet with the departure of several critics and the replacement of most of the main pending ministers.

Only two or three Cabinet ministers are likely to be dropped – almost certainly Mr Peter Rees, the Chief Secretary to the Treasury, and Mr Patrick Jenkin, the Environment Secretary, although the position of Mr Tom King, the Employment Secretary, is also not exactly secure since he has never been highly regarded by the Prime Minister. The often criticised Mr Michael Jopling, the Agriculture Minister, and Mr Nicholas Ridley, the Transport Secretary, look safe for the time being.

The key change will be who becomes Conservative Party chairman. It is now generally accepted by senior Tories that Mr John Gummer will move after bearing a difficult load for two years – probably to the number two job at the Foreign Office.

His obvious successor is Mr Norman Tebbit, the Trade and Industry Secretary, who apparently wants the job. But, there is a powerful and influential group arguing against his appointment. Their view is that Mr Tebbit will reinforce, rather than soften, Mrs Thatcher's combativeness just at a time when a change in style is required, or at any rate someone as chairman who has a different approach from Mrs Thatcher.

It will, however, be very difficult for Mrs Thatcher to refuse Mr Tebbit and he is still the front runner. The party managers say that Mr George Younger, the Scottish Secretary, is a safety-first alternative, with Mr Michael Heseltine, the Defence Secretary, a more risky long shot given his talents as a propagandist.

All this raises the "Cecil question." Mrs Thatcher has hinted in various interviews that she would like to see the return of Mr Cecil Parkinson, the former party chairman who left the Cabinet last year after admitting that he was the father of his secretary's child.

He has been active speaking to Conservative activists around the country and has not lost his touch in cultivating his image as a communicator. The only job he would probably want would be Trade and Industry Secretary – to confirm his public rehabilitation – otherwise he is likely to take up the chairmanship of a major quoted company.

Ford to end production of heavy truck axles

BY JOHN GRIFFITHS

FORD is to cease production of heavy truck axles in the UK by the end of 1987. The move will cost 470 jobs. About 190 will go at its truck building plant at Langley, Buckinghamshire, which employs 1,200 and which is Ford's sole source of heavy trucks for both the UK and the European continent.

A further 250 jobs are expected to be lost at its castings, brake drums and hubs facility at Leamington Spa and 30 more at a plant in Swansea, Wales.

Ford said last night it intended to achieve all the job cuts through voluntary redundancy and other forms of natural wastage.

The axles will be resourced to the Stratford-upon-Avon plant of Rockwell, the specialist axle and heavy truck components producer which already supplies many of Ford's rivals.

The Rockwell axles will be used on versions up to 16 tonnes of the Cargo – the only heavy truck range built by Ford. Ford already buys in axles from Eaton Corporation for Cargo trucks above this weight.

Ford's decision is related to product developments which are seeing a move to disc rather than drum brakes for trucks in the late 1980s. Ford could have re-engineered its own axles to accommodate such changes but this would have required substantial investment at a time when truck markets in both the UK and on the European continent remain depressed.

In the UK, for example, registrations of trucks over 3.5 tonnes are expected to reach only 55,000-60,000 this year against a peak of 80,000 in 1979. Few forecasters expect the 1979 level to be reached again in this decade.

By buying in from Rockwell, Ford can utilise the economies of scale of a specialist producer which already sells its axles worldwide.

UK NEWS

Teachers reject improved pay offer

LEADERS OF the teachers' unions last night unanimously rejected an improved pay offer which would have added 6.4 per cent to the salaries bill by the end of the pay year, David Brindle writes.

The offer, put forward by the Labour-led employers in an attempt to end the five-months dispute in state schools in England and Wales, would have given lower-paid teachers immediate enhanced rises of up to 7.7 per cent, plus 1 per cent from November.

Union leaders said the proposed deal fell well short of meeting their immediate targets of the year-on-year increases in prices and average earnings. The head teachers' associations were further alarmed at the implied narrowing of differentials.

The two sides remained at a London hotel last night, but it was not clear whether the employers were prepared to revise the package in a final attempt to settle the dispute before the summer school holidays begin.

The unions, which had previously been offered 5 per cent plus arbitration, recognised that the fresh proposals were a shrewd attempt to bridge the gap between their goals and the employers' capacity to make a higher award without supplementary government funding. It was the first time the employers had included a flat rate element in an offer.

□ A REVIEW of developments in retail financial services has been started by the London Stock Exchange. A special advisory committee has been set up by it to examine trends and identify business opportunities for stockbrokers and stockjobbers.

The move has been prompted by extensive structural changes in the retail end of the financial services industry. The committee, led by Mr Graham Ross Russell, a partner with stockbrokers Laurence Prust, will consider the impact of the building societies and other savings institutions on the flow of funds coming into the stockmarket.

The exchange is keen to attract more investment activity by private investors.

□ UK COMPOSERS and songwriters increased their U.S. income by more than 35 per cent to £9.5m last year.

The Performing Rights Society recorded a total gross revenue for the 12 months of £88m – 12.6 per cent up on 1983.

Pit union seeks broader support against closures

BY HELEN HAGUE, DAVID BRINDLE AND JOHN LLOYD

MR ARTHUR SCARGILL, president of the National Union of Mineworkers (NUM), yesterday signalled a change of tactics away from the confrontational rhetoric he has maintained since the miners' strike to a style designed to achieve broad labour and public support.

After a meeting of the NUM executive which voted unanimously to call on every miner in the British coalfields to remain in the national union, Mr Scargill announced that the union was to mount a "massive campaign" to persuade "vast sections of the trade union and labour movement," and the public, of the union's case for defending pits and communities.

His call came as Mr Roy Lynk, the Nottinghamshire area general secretary, said that the area's 27,000 miners would, in the "very near future", vote in a ballot or branch vote on leaving the NUM, or vote for amalgamation with another union. The first would need a two thirds majority, the second a simple majority.

The Notts area – the second biggest coalfield, which continued to work during the pit strike – announced last weekend that it was forming a breakaway union.

It emerged yesterday that Labour Party leaders are deeply concerned over Labour's electoral prospects in the Nottinghamshire area if the split remains irrevocable. At the last general election, in 1983, Labour won only one of the eight constituencies in the area. If the party is to have a chance of an overall majority at the next election, it is argued that these seats are typical of those that must be won.

Although there is no official contact between Nottinghamshire miners' leaders and Labour, it is said that "the lines are open." Party strategists believe there are influential figures in both the NUM and the breakaway area who are anxious to avoid a split.

The NUM executive's decision yesterday demonstrates a wide concern among the NUM leaders that the split in Notts could find parallels elsewhere. The Notts area leaders last night held talks with leaders of the Colliery Workers and Allied Trades Association, a 1,300 strong group based mainly in the north-east of England.

Both sides said afterwards that they intended to found the basis of a nationally federated union for miners.

An attempt by the NUM to regain control of its funds "as a matter of urgency" was rebuffed in the High Court yesterday. The court had ordered the sequestration of the funds after the union refused to pay a fine for contempt of court during the pit strike.

The union's newly elected trustees applied to have their claim for the removal of the receiver, who holds the funds, heard before the court's summer recess.

Mr Justice Mervyn Davies refused an early hearing. He said the case could be heard on October 3.

He told Mr Gavin Lightman, QC, for the NUM and the new trustees: "I don't understand why you should disregard orders of this court for months on end and, when it is convenient, come here and expect immediate attention."

● The National Coal Board's losses for the year to April 1985 would include a provision of about £300m for repairing damage to pit faces caused during the strike, Mr Peter Gregson, Permanent Secretary at the Department of Energy, said yesterday, Dominic Lawson writes.

Mr Gregson told the House of Commons energy committee that part of this money would be spent in the current financial year, but it would be provided for in the previous year's accounts "because it arises from the strike." The year-long strike ended in March.

The total coal board loss in the last financial year would be about £2.2bn, Mr Gregson said. He reiterated the Government's expectation that it would have to pay the bord a further grant of about £1.1bn to cover all of the losses of the last financial year.

Coal board losses in the current year would be more than £300m, Mr Gregson said. He pointed out that the Government had already made provision to grant the NCB £600m in respect of the two years to April 1987.

The Government said in April that it would make no further grants to the coal industry beyond April 1987, after which time the industry should be operating at break-even, or better.

State industries exceed limits on external finance by 100%

BY ROBIN PAULEY

THE NATIONALISED industries again performed disastrously in 1984-85, exceeding their total external financing limits (EFL) for the year by more than 100 per cent.

The public spending White Paper (policy statement) of February 1984 gave total external financing limits for the nationalised industries of £1.88bn, which was revised to £1.93bn as a result of national insurance and other changes.

When the White Paper of February 1985 was published, the industries were already adrift from that target, principally because of the effect of the coal miners' strike on the National Coal Board finances. A revised total EFL of £3.21bn had to be written in.

The Government's White Paper showing the provisional out-turn of cash limits for 1984-85, published yesterday, shows even that total to have been missed by more than £500m. The new estimate is £3.86bn.

In fact, the NCB fared better than expected in February. Its original EFL of £1.1bn was raised to £1.65bn but the latest estimated out-turn is £1.72bn. However, the extent to which the coal strike burden is falling on the electricity industry is shown starkly in its EFL. That now shows it as requiring £523m, rather than contributing £372m to the Exchequer – as forecast in February – or contributing £740m as forecast in February last year.

The British Railways Board has again been thwarted in its attempt to pull its call on public funds below £1bn. Its EFL of £930bn in February 1984 had to be raised to £1.039bn in February 1985, mainly because of lost revenue through the coal strike. Yesterday's White Paper again raises the figure, which now stands at £1.045bn.

Another casualty has been the British Steel Corporation, whose external financing limit for 1984-85 is shown as £524m compared with only £275m in the February 1984 White Paper.

Among the few nationalised industries that performed better than expected British Airways made a contribution to the Exchequer – that is, a profit – of £335m against estimates of £247m in February 1985 and £160m in February 1984. The Post Office also did better than forecast, contributing £70m instead of the £60m and £52m forecasts of the last two White Papers.

Yesterday's White Paper shows five breaches of public spending cash limits in 1984-85.

TV chief quits in Dallas dispute

By Raymond Snoddy

MR BRYAN COWGILL, managing director of Thames Television and one of the most senior independent television (ITV) executives, is to leave the company. He is understood to be particularly unhappy about what he sees as uncompetitive collusion between ITV companies, the Independent Broadcasting Authority and the BBC over the fate of Dallas, the oil industry soap opera.

His departure will be the latest surprising twist in a bizarre row that has intensified since January when Thames outbid the BBC for rights to show all future episodes of one of the corporation's top-rated series. As Mr Cowgill prepares to go, talks are already taking place between Worldvision, distributors of Dallas, and the BBC to keep the series on BBC 1 this autumn.

A formal announcement that Mr Cowgill, who before the Dallas affair was expected to take over the Thames chairmanship, is instead leaving "by mutual agreement" is expected today.

The $60,000-an-episode Thames bid was seen as a breech of the "gentlemen's agreement" among British broadcasters that they avoid starting price wars for U.S. programmes by not "poaching" series already running on each other's channels.

Thames has always maintained it bid for Dallas only after the BBC refused to pay the asking price. The Thames move badly split the ITV companies and the affair was *seen as dangerously divisive for* both ITV and the BBC in the face of the Peacock Committee, which is looking into the feasibility of advertising on the corporation.

Mr Cowgill, who has been managing director of the largest ITV company since 1977, lost a board battle over Dallas in June. The Thames executive directors, including rivals for the succession, Mr Richard Dunn, director of production and Mr Muir Sutherland, director of programmes, both supported him.

The non-executive directors from BET and Thorn Emi, which control almost all the Thames shares and have two votes each, decided Dallas should go back to the BBC.

Montagu returns to full ownership of Midland Bank

BY DAVID LASCELLES, BANKING CORRESPONDENT

SAMUEL MONTAGU, the London merchant bank, is to revert to being a fully-owned subsidiary of the Midland Bank under a re-arrangement of its ownership announced yesterday.

Midland is reacquiring the 40 per cent stake in Montagu which it sold to Aetna Life and Casualty of the U.S. in 1982. The repurchase price is $135m (£97.8m) compared to the sale price three years ago of £66m.

At the same time, Aetna will buy from Midland the fund management business of Montagu known as Montagu Investment Management (MIM) for £45m ($62.1m).

This partial split-up of Montagu has been agreed to permit the merchant bank to develop its capital markets business and act as Midland Bank's vehicle for the City of London revolution, while enabling Aetna to pursue its goals in the international investment management business.

Mr Geoffrey Taylor, Midland's chief executive, described the bank's full ownership of Samuel Montagu "is a further step in the implementation of the group strategy for the development of a fully integrated domestic and international capital markets capability which combines the skills of Midland, Montagu and Greenwell" (the stockbroking firm which Montagu has arranged to buy).

The deal, which was initiated by Midland, also fits its policy of tightening control of its subsidiaries, and disposing of those where it only has a minority interest. The policy was shaped in the wake of the large losses Midland suffered through Crocker National Bank.

Aetna intends to grant a large measure of independence to MIM, which controls about £3m in funds and is run by Mr David Stevens. However Mr Stevens' plan to form a group of outside investors to take a stake in MIM has been dropped.

Last year, Montagu disclosed profits of £5m, down from £11m the year before. The fall was blamed on poor conditions in the money and bullion markets, Montagu's speciality, and the high business development costs incurred by Mr Staffan Gadd, the chairman who resigned in December.

Yesterday's announcement reveals for the first time that Montagu has inner reserves of some £40m and will be worth about £190m once all the transactions are concluded.

The deal got a mixed reception in the City of London. Midland's share price gained 10p to close at 395p on the favourable view that the uncertainty over Montagu had been resolved. But some analysts said Midland paid a surprisingly large premium of 30 to 50 per cent to recover its stake in Montagu at a time when its profits were poor and its outlook in the City revolution rather uncertain.

But the deal streamlines Montagu for its planned role as Midland's Bank's vehicle for the city revolution.

Montagu has arranged to buy 100 per cent of W. Greenwell & Co, the stockbroking firm, and together they will be attacking the UK securities markets. Midland has already stated its intention of investing about £25m in a new dealership for the gilt-edged market. Its broader plans, and the scale of its commitment to the City revolution will now have to be detailed.

Two of its major rivals, National Westminster Bank and Barclays are forming groupings through their merchant banking subsidiaries which will have capital bases of over £200m each, which Midland will now have to strive to match without the help of Aetna. (Lloyds is taking the alternative route of developing its own securities operation internally.)

However, Midland's resources, badly depleted last year by Crocker, have since been replenished by a $750m perpetual note issue, and the bank is now better placed to finance its plans.

Midland differs from both NatWest and Barclays insofar as it has made no arrangements to buy a jobbing firm as well as a stockbroker. However, the plan at Montagu has been to build on the market-making skills developed on its Eurobond trading side.

The key to Montagu's success must now lie in Midland's ability to strike the right balance between providing it with the backing of a major banking group without smothering the entrepreneurial spirit.

In the immediate wake of the deal, some people suspect Midland may tilt a bit towards tighter control.

League table of City analysts again headed by James Capel

BY CHARLES BATCHELOR

JAMES CAPEL, Phillips & Drew and Scrimgeour, Vickers have been confirmed as the favourite analysts of City of London fund managers in the latest edition of what used to be the Continental Illinois survey but which has now been taken over by Extel, the business information group.

These three teams of stockbrokers' analysts have held the top three positions, in the same order, for the past three years. However, only the top two were rated "very good" by fund managers. Scrimgeour, the number three firm, is ranked "good" together with five other teams of stockbrokers.

Further down the top 10 league table, Hoare Govett has moved up from sixth to fourth position, while Fielding, Newson-Smith has moved into ninth place after being ranked only 12th in 1984.

De Zoete & Bevan dropped sharply from fourth to seventh place while Rowe & Pitman dropped out of the top 10. The survey was completed before Fielding lost its top-ranking breweries team to de Zoete.

These rankings represent the views of 91 investment managers with £180bn worth of funds under their control who responded to questionnaires sent out by Extel.

The managers were asked to assess the analysts according to the depth of their knowledge of their sector, the quality of their written material in terms of content, lucidity and value, the frequency with which they followed *up their reports and the success* of their recommendations.

A disturbing view – offered unprompted by some of the fund managers – was that standards of analysis were falling and the work of the analysts was becoming more superficial.

This might be the result of analysts having to spend more time on the telephone, adopting a higher profile and going more aggressively after business, Mr Geoffrey Osmint – who founded the survey – suggested.

Mr Mike Geering, a partner in James Capel, said: "The days of ivory tower research are gone. I expect this trend to become more marked with contact by analysts on the telephone as well as the written word."

The 1985 "stars" are headed by Mr Geoffrey Carr's stores team at Scrimgeour with 162 weighted votes, followed by Mr Paul Nield's UK economy team at Phillips & Drew with 151 votes and Mr Nyren Scott Malden of de Zoete's, who gained 146 points *for his coverage of the tobacco* sector.

Mr Carr's stores team also leads the table of top value analysts, who are judged according to the market capitalisation represented by their sector. They are followed by Miss Carol Ferguson's oils team at Wood Mackenzie

Ranking of UK Investment Analysts, Extel Statistical Services, 37/45 Paul Street, London EC4A 4PB, £110.

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EMI plans largest UK compact disc plant

BY JASON CRISP

EMI MUSIC – part of Thorn EMI – is to spend £5m building Brtain's largest compact disc plant. The decision – made 2½ years after compact discs were first launched in the UK – follows embarrassing shortages of EMI titles on the new medium.

Compact disc sales have begun to take off in many countries, such as the U.S., Japan and West Germany, and there is a shortage of capacity. It means that the main manufacturers are rationing the number of discs they will press for other record companies.

The company is to make compact discs at the Swindon, Wiltshire, plant where Thron EMI had to write off a substantial investment to make video discs when it abandoned plans to enter the consumer market. Thorn EMI is at present making a small number of video dics at Swindon for professional and commercial use.

Production of compact discs is expected to start early 1986 with capacity rising to 8m to 10m discs a year within a year. It will be the third plant in Britain making them. Nimbus Records started last year and Disc Technology, backed by 3i Ventures, is planning to start production in May 1986.

Worldwide capacity for compact discs is estimated to be more than 40m this year. The main plants are Polygram in Hanover, West Germany, CBS/Sony in Indiana, U.S. and in Japan. There are at present seven plants in Japan, two in West Germany and one each in the U.S., UK and France.

The British market for compact discs has been slower to develop than in many countries. The number of players sold is expected to more than double from 33,000 last year to about 75,000 in 1985.

TECHNOLOGY

EDITED BY ALAN CANE

Why computing links are vital for tomorrow's manufacturers

Geoffrey Charlish on the benefits of integrating shopfloor processing

INTEGRATING the activities that computers perform on or near the shop floor is a major task confronting manufacturing research engineers.

Over the last decade the computer has been applied to draughting, engineering analysis, the production of data for machine tools, the running and programming of robots, production planning, testing and other factory tasks.

But in tomorrow's plants these "islands" need bridging, not just to obviate re-keying of data via paperwork, but to allow all the systems access to a common store of data about the product. Such data ranges from orders placed by the customers to the information needed to evaluate the design, machine the product, test it and package it.

The advantages continue to be emphasised by the researchers. If the same knowledge is immediately available to all the machines and people, product quality and delivery are bound to be improved. Costs are more likely to be held, together with price.

But in particular, the prospects of quickly changing a design, or bringing a new one to market before the competition, are sharply improved.

Computer integrated manufacturing (CIM) will be achieved in stages by most companies, not overnight. Several large corporations are developing unified approaches, including General Motors with its MAP (manufacturing automation protocol) and IBM.

Recently, the Research and Development Centre of GE (USA) in Schenectady described computer-assisted design, engineering and production of moulds for the plastics industry, where each new product means a new mould, an expensive proposition.

The software designs and assists in analysing complex parts and can automatically generate instructions for machining the moulds in which they are made. Developed in conjunction with the company's plastics technology department in Massachusetts, the software is called Truce (tri-dimensional rational unified cubic engine).

The first application for Truce was a biker's backpack frame, blow-moulded from GE's Xenoy resin, a high strength thermoplastic.

In common with most advanced CAD systems, Truce has "solid modelling" software, allowing a three-dimensional representation of the object under design to be put on the screen in colour—the result is almost as lifelike as a colour photograph.

The model, derived mathematically from input data provided by the user, can be rotated to show any of its sides, cross-sectioned to reveal its interior, or it can be taken to pieces, layer by layer.

Dr Lowell Bauer, who heads the Schenectady team, claims that Truce is more powerful than existing solid modelling software. Unlike many of these programs, which construct objects from primative shapes like cubes, spheres and cones, the building blocks of Truce are not pre-defined. Rather, they are decided by the user and can describe parts that have openings, projections, curves and sculptured surfaces.

In practice, the user constructs suitable solids on the screen from keyboard and graphics tablet commands and joins them together to create the complete object.

With Truce, it is easy to define a mould once the part has been modelled. This is done on-screen by subtracting the part shape from a solid block—to give the reversed shape needed for a mould—and splitting the remainder into the customary two halves.

The backpack frame, on screen in foreground, is the first product made with "art to part" software.

Truce holds promise for eliminating the "cut and try" methods of mould making, in which the idea is committed to paper, a prototype mould is carved and tested, and the whole process repeated until a satisfactory result is obtained.

Says Dr Bauer: "A designer can take a complex product from concept to reality—from art to part—without moving from the computer terminal." No engineering drawings or physical models were used.

Shapes that emerged for the backpack could immediately be tested for structural performance. The Truce database allows finite element analysis to be carried out—a process in which the computer breaks the part down into tiny elements to discover points of weakness in the whole.

Results of this stress analysis helped the plastics engineers to minimise the thickness of the material to produce a backpack frame with better structural performance than an existing metal frame, but with only 75 per cent of the weight.

With the shape and size decided, Truce was able to generate tool paths for the numerically controlled machine tool. After a cutting test on dense foam to verify the tool paths, the mould's core and cavity plates were machined from aluminium.

Chance for engineers to take control of micro-chip design

Geoffrey Charlish explains silicon compiling

THE FRONT COVER of a brochure from Silicon Compilers, a four-year-old Californian company which has just set up in the UK, says: "Don't let anything stand in the way of designing your own integrated circuits."

It is an interesting point. Back in the 1950s, electronic engineers designed their own circuits from hundreds of separate transistors, resistors and capacitors. They had complete control. In production, the components, each the size of a penny, were connected with yards of wire within a metal chasis by armies of operators with soldering irons.

From 1960 the "chip" changed everything. Today, up to 500,000 microscopic components are impressed on to a penny-sized piece of silicon that might represent the majority of a complete electronic system like a computer. Because these chips can only be made in large, costly factories, design has inevitably slipped from the users' hands into the integrated circuit companies.

These expensive processes demand large sales of each design to recoup expenditure, and designers in industry have found themselves working with the same standard circuits as everyone else.

Although this might work for some consumer products, the designers of professional electronic equipment need to realise proprietary ideas on silicon. Although they can have custom chips built by the big companies, the production volume often does not justify the cost.

One answer is to avoid "freezing" all the electronic functions on to the chip in the factory. Instead arrays of circuit elements—either fundamental logic gates or more complex standard cells—are provided which can be connected together to give the user what he wants. Ferranti in the UK was a pioneer with its Uncommitted Logic Array.

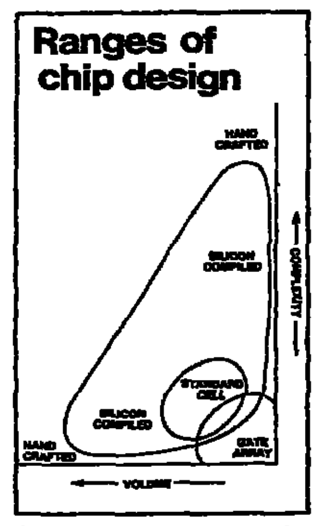
Although this restores some design control to user engineers, they remain in the hands of the integrated circuit company to the extent that they are systems, not semiconductor engineers.

Integrated circuit design is highly complex and nowadays impossible without computer aided design and engineering (CAD/CAE) systems. The chip companies for over 10 years have used screen and keyboard systems and gradually these are being adopted by user engineers designing with arrays and cells.

To meet their design needs, new CAD/CAE companies have emerged. Mostly Californian, they have been giving older companies like Calma and Computervision a run for their money. The newcomers include Dalsy Systems, Mentor Graphics and Valid Logic Systems.

To meet the user engineers' production needs, a new breed of semiconductor company has sprung up in the U.S. called "silicon foundries." These companies also provide design tools but their main business is to fabricate customers' designs in silicon.

There is a feeling, however, that the user engineer still cannot get close enough to his circuit, that design times still restrain quick market response and that lack of familiarity with semiconductor technology inhibits designers.



The graph shows how the complexity and production volume of chips affects the choice of design method

The objective of companies like Silicon Compilers in the U.S. and Lattice Logic in the UK is to bring custom design to user engineers by means of higher level software in the CAD/CAE systems. By allowing them to forget about the intricacies of chip technology, the design process can be speeded up and made more reliable and cheaper.

Dr Philip Kaufman, president of Silicon Compilers, says that the new design system, called Genesil, is an expert system—it encapsulates all the specialised knowledge of a semiconductor expert ready for the system designer to use.

Dr Kaufman is in Europe drumming up business and looking for semiconductor companies willing to become silicon foundries for the custom designs generated by Genesil. The company has already spent $400,000 on promotion and has sold 12 systems, one in Europe to "a large French defence company." Another customer is Digital Equipment Corporation, which used it to design chips for the MicroVAX computer, but Dr Kaufman says the others do not wish to be known.

Genesil is used in three stages: design, verification and tooling.

First, a block diagram of the design is constructed in conjunction with a form-filling exercise on screen to decide circuit elements like registers and multiplexers. The elements do not have to be designed, but are called up from a library. Impossible situations or errors are flagged by the system.

The designer can use "what if" tactics until satisfied with the basic design, whereupon the system produces three software models. One allows the design to be "operated" as if it were real, to ensure the functions are what they should be. The second checks the timing in the circuits (a vital matter in all digital designs) while the third produces a physical layout in which the placing of elements on the silicon and their interconnection are established. Genesil then produces tapes to drive production machinery.

Multi-user systems cost more than $500,000, but recently the company introduced a single user version for $165,000 running on a DEC MicroVAX 11.

Silicon Compilers claims its only real competitor is Seattle Silicon Technology, which sells software only to workstation manufacturers. But in Edinburgh, Lattice Logic has software starting at £10,000, rising to £100,000 and has made sales to Ferranti (a shareholder), VLSI Technology in the U.S. and Fela Express Logic in Switzerland.

The coming market is huge. Dataquest, the market research company, believes it will reach $15bn by the end of the decade—a third of the total circuit market.

Flat screen sales set to grow rapidly

NEW BREEDS of flat information displays should generate a world market approaching $1bn by 1992, according to market research from Stanford Resources, available from IPI in Copenhagen.

The report predicts the market will grow at 25 per cent a year from this year's sales of $227m. It covers high information content dot matrix displays with at least four lines of characters.

Microcomputers will be the leading application area and by 1992 will account for two thirds of the U.S. market. The flat screen will also be widely used in display telephones.

Liquid crystal devices will continue to account for some 40 per cent of sales, while light emitting diode systems, plasma panels and vacuum fluorescent devices will lose share.

But between now and 1992, the new flat cathode ray tubes, the electrophoretic and the electroluminescent systems will have gained 2.9, 6.7 and 11.1 per cent of the market respectively. More on Copenhagen 632044.

New portable computer

HEWLETT PACKARD has launched a portable computer which weighs under 10 lb, measures only 13 x 10 x 3 inches and costs £2,395.

Called Portable Plus, the machine has a flip-up liquid crystal screen that displays 25 lines of 80 characters each—considerably larger than that of the previous portable.

Furthermore, it can address up to 896 kilobytes (thousands of characters) of random access memory or three million bytes of read only memory (ORM)—double the capacity of the HP110.

Applications software, available in ROM cartridge form, includes Lotus 1-2-3, MSTM Word, and several others. More on 0344 424898.

NORTHAMPTONSHIRE

Natural commercial advantages and a history of good industrial relations should feed continuing expansion in spite of the wind-down of the new town.

Problems that others envy

AROUND BRITAIN

This report was written by Arthur Smith with company profiles contributed by Lorne Barling

NORTHAMPTONSHIRE has problems others would envy. The key issue, if one dominates, is jobs. But this is an essentially rural county where unemploybent is not only less than the national average but also below that of neighbours in the prosperous East Midlands.

There are unemployment black spots, such as the steel town of Corby, but these are special cases where remedial action has brought a dramatic response. The county with its rolling acres in the centre of England, astride the motorway network, has all the natural advantages.

To those have been added the stimulus of government intervention and public investment which have encouraged two decades of rapid growth. Northampton, the county town, described by one general manager of the development corporation set up to push expansion as "the biggest village in England"—still retains the character of an overgrown market town.

The period of "white-hot expansion" came to an end last month with the winding up of the Development Corporation. In 15 years population grew by 35,000 to 168,000 with houses erected at the rate of 3,000 a year. More than 40 miles of new roads cut through countryside and urban areas to make way for 9.5m sq ft of new factories and warehouses and approaching 2m sq ft of offices.

Northampton was designated a new town amid the optimism of the 1960s. It was to provide a counter-magnet to London and cope with the surplus of jobs and people forecast to be generated by the national economic growth which, sadly, fell well short of target. The plan went ahead with Northampton pitching for mobile jobs along with Milton Keynes just 15 miles to the south.

Corby was one of the early new towns, nominated in 1950 *because of its overdependence* upon the steel industry, but given a new impetus since the *demise of its development* corporation in 1980. The jobs crisis provoked by British Steel Corporation redundancies in 1979 led to the New Towns Commission forging a unique arrangement with Corby District Council and the county council to generate new employment.

Mr Fred McClenaghan, the Director of Industry, can point to 7,000 jobs created during the recent recession but concedes he has to run to stand still in a town with 23 per cent unemployment. Corby has benefitted from designation as a development area, as an enterprise zone and from funds from the European Community.

Wellingborough nearby has also been given a boost by the designation of an enterprise zone, much of which has now been filled with the town well on the way to its target of creating 2,200 new jobs. The town itself saw rapid growth from 24,000 to 40,000 during the 1960s and 1970s under an overspill arrangement with the Greater London Council which came to an end in 1980.

Wellingborough's prosperity, based upon traditional industries such as footwear and engineering, was delivered a jolt at the beginning of the last recession when redundancies and closures caused unemployment to jump from 4 per cent to 14 per cent in little more than 12 months.

Near neighbour Kettering, already a town of 72,000 with a diverse economy, is looking for further growth. New industrial land is being made available. Hopes are also high for the stimulus that would come from a government go-ahead for a new road to link the A1 and M1, providing an important cross-country route from the Midlands to the east coast.

But Daventry at the west end of the county believes its route to the east coast can be adequately served by the upgrading of the A45 which is now under way. Daventry, in common with most of the urban centres in the county, has the good communications so attractive to warehouse and distribution industry. But the town, which grew rapidly under former overspill arrangements with both Birmingham and London, has also been successful in encouraging small manufacturing companies.

Northamptonshire is adjusting to the fact the nation's poor economic performance has led to the winding down of its new and expanding towns arrangements. The public sector may no longer be forcing the pace, but expansion will continue.

The draft of the country's revised structure plan now under discussion suggests population over the next 15 years will rise by well over 10 per cent to more than 600,000. More than half the increase will come from migration into the county.

The pull of the industrial Midlands to the north of the county has been weakened by the impact of recession upon Coventry and the West Midlands conurbation. But Luton, Dunstable and Bedford to the south continue to prosper.

The county plan, covering not just the principal centres but also "a rural population dispersed in 280 villages and hamlets," forecast some 44,000 new jobs created by the year 2001. But even that target provides evidence of the new county's confidence: should it be achieved unemployment would be cut by almost half from the present 12.2 per cent to 7 per cent.

Mr Jeffrey Greenwell, chief executive of the county council, points to the good relations between industry and local politicians of all parties as a key factor in attracting new employers. He cites the example of the recently formed Northamptonshire Enterprise Agency, a partnership between the eight local authorities in the county and the private sector to create new employment.

The agency is about to launch a publicity campaign under the catchline "Northamptonshire, the best kept secret." Mr Greenwell argues the importance of keeping the county's name in the public eye, particularly the need to fill the vacuum created by the disbandment of the Northampton Development Corporation with its big advertising budget.

The modern furnishings in Greenwell's office—the visual display unit, perhaps the symbol of the new technology—strike a contrast within the traditional setting of his county hall headquarters, just a few paces from Northampton's historic cobbled market place.

But this is a county conscious of its commercial advantages, proud of its past. Mr Greenwell explains with relish and amusement that the moderation of the local people and the present good industrial relations have a long history.

The king, when announcing the poll tax that lead to the Peasants' Revolt of 1381, chose to tell his parliament held in Northampton. "He clearly realised that what might cause revolution elsewhere would be taken in their stride by the people of Northamptonshire. It takes a lot to get them worked up but they usually come out winners."

One of the housing areas built by Northampton Development Corporation and now handed over to the local council

Top Tory with a philosophy of tranquillity

Politics

THE CONSERVATIVES are back in control of Northamptonshire, for decades a traditional Tory shire county—but only just. Northamptonshire was something of a national exception in the recent May elections when the Alliance made no impact, leaving the two big parties to share the honours. The Liberals, as in 1981, picked up only four seats.

It came as something of a shock back in 1973, when, in the wake of local government reorganisation, assimilation of the previously independent Northampton Borough Council, with its slabs of urban Labour voters, returned a narrow socialist majority.

The election marked a turning point, argues Mr Bill Moreton, present Conservative leader, successful farmer, ardent supporter of Mrs Thatcher and councillor of 21 years. Before then it was "more of a club atmosphere," he reports. Labour members in a Conservative dominated council held committee chairmanships. There was give and take and party politics took second place to the issues of the day.

A moderate Labour administration, mindful of the past traditions, was swept away in the massive national swing to the Conservatives in 1977. But the election of 1981 returned a council split down the middle with Labour and Conservative holding 31 seats each.

Politics appeared to remain sporting and at the first full council meeting the Labour and Conservative leaders tossed a coin to see who should make the first speech to seek support from the four Liberals and two independents.

The Liberals backed Labour. Such a tight balance would seem to present extremism. But Mr Moreton maintains left wingers came to the fore. "Meetings were dragged out by procedural moves and council business became dominated by party politics," he alleges.

His philosophy now that the Conservatives have power again is "to try and bring some tranquility back to the county council." He is looking for shorter, more orderly committee council meetings with the officers given more responsibility for carrying out their duties.

"If we are to attract the right calibre of officer we do not want elected members peering over their shoulders watching every move," he argues.

But Mr Moreton is equally constrained by the closeness of the latest election. The Conservatives have 34 members, including the chairman with his casting vote, against 29 Labour, four Liberals and one independent.

Questioned about the crucial role of the independent Mr Moreton replies: "I don't need his support but I always welcome his company."

Nor will it be an easy ride as far as the Labour members are concerned, says Mr Jimmy Kane, the outgoing leader of the council who has headed his group for the past nine years.

Mr Kane, a worker-director at the British Steel Corporation at Corby for 12 years until he was made redundant in 1980, insists that he "leads from the front." He disclaims any left wing bias in the group: "I am a middle of the road socialist. I do all the things most people of moderate opinions would accept as right."

He was the first chairman of the Northamptonshire enterprise agency, a joint local authority — private sector body set up to generate new employment: "We understood the requirements of industrialists. We were honest with them. Even if they did not agree with us they knew why we took the actions we did."

Indeed, for all the predictable rhetoric, in a county so politically divided there seems to be a basic consensus that the local authority must provide an environment in which business can thrive.

Northamptonshire 2

Achievement and sadness mark end of an era

Northampton

MR LESLIE AUSTIN-CROWE, general manager of Northampton Development Corporation, closed the doors of his rather grand office complex for the last time two weeks ago.

It was a moment of mixed feelings of achievement—Northampton had successfully completed its burst of rapid expansion—and sadness that the development corporation and its 260 staff had been disbanded after a unique new town experiment.

For Mr Austin-Crowe, at 57, retirement seems premature: "I don't know what I will do. I have been working a 70-hour week.

"This job has been my life. I will have to see what it feels like come Monday morning."

Mr Austin-Crowe, originally chief estates surveyor, was one of the first officers appointed 16 years ago to push expansion "at a white-hot pace." Northampton a mature county borough with a population of 120,000, was given new town status and a development corporation.

The target population was 230,000 by 1991. The motive was to provide a counter-magnet to growth in the booming South-east. In the early 1960s there was so much optimism about the pace at which the national economy would expand that the problem was considered to be largely one of accommodating the pressures of rising population and employment.

That bubble burst even before the development corporation had got its feet under the table at the rather primitive temporary accommodation it acquired in 1969.

But government policy was fixed, and Northampton along with the new town of Milton Keynes, 15 miles to the south, was left to slug it out with assisted areas for a decreasing supply of mobile industry.

Northampton, in the early years, was expected to look to London for jobs—and people, as it had an important social role in easing the housing problems of the capital. But as reality asserted itself the links weakened.

Some big employers were recruited from London, like Telfers and Lummus. But it has been very much an open house with Northampton establishing a reputation as a centre of excellence. About 70 companies from 15 countries have set up in the town.

But Mr Austin-Crowe reports a change in recent years, with growth tending to become indigenous rather than imported. Smaller companies already established in the town are providing the momentum.

This self-perpetuating growth made it easy for the Government to set the beginning this year as the wind-up date for the development corporation. National policy had switched progressively in favour of committing resources to declining inner cities.

The transition was made easier for Northampton by the shift in 1979 by the new Conservative government to privatisation. Development corporations were urged to seek funds from the private sector and encouraged to sell industrial and commercial assets.

Assets

Sales in the first financial year realised £3m, but in the final 12 months achieved £53m, says Mr Austin-Crowe: "It proves our developments had a commercial value and were wanted by the market."

One important disposal was the 220,000 sq ft Weston Favell shopping centre, which went for £6m to Capital & Counties, the property investment group. The success of the sell-off meant that the Commission for New Towns, which took over the development corporation's assets in April, acquired a fairly restricted portfolio.

Northampton Borough Council took over the development corporation's 6,600 rented houses—after nearly 25 per cent had been sold to tenants—and acquired community assets such as parks, shops and public house sites.

The commission is now responsible for about 1,000 acres with development potential. More than 260 acres of industrial and commercial land is serviced and ready for development.

Only a small amount of the 350,000 sq ft of factory space rented out by the commission is vacant. Sir Neil Shields, the chairman, complimented the town on the smooth handover of assets and said that promotion of Northampton will continue.

Recession had its impact upon Northampton, shaking out jobs and causing some company casualties, but diversity of manufacturing and distribution developed over the expansion period provided a cushion. Unemployment, at just over 10 per cent, is comfortably below the national average.

The draft structure plan for Northamptonshire says that through the 1970s there was a net increase of 20,000 jobs in the town. It suggests another 16,000 to 17,000 are needed up to 1991, which would push unemployment down to some 7 per cent.

Mr Jerry McDonald, chairman of the Northamptonshire group of the Confederation of British Industry, is fairly optimistic about prospects. "A lot of new companies have come into the area. Competition is intense but the town has a lot of natural advantages."

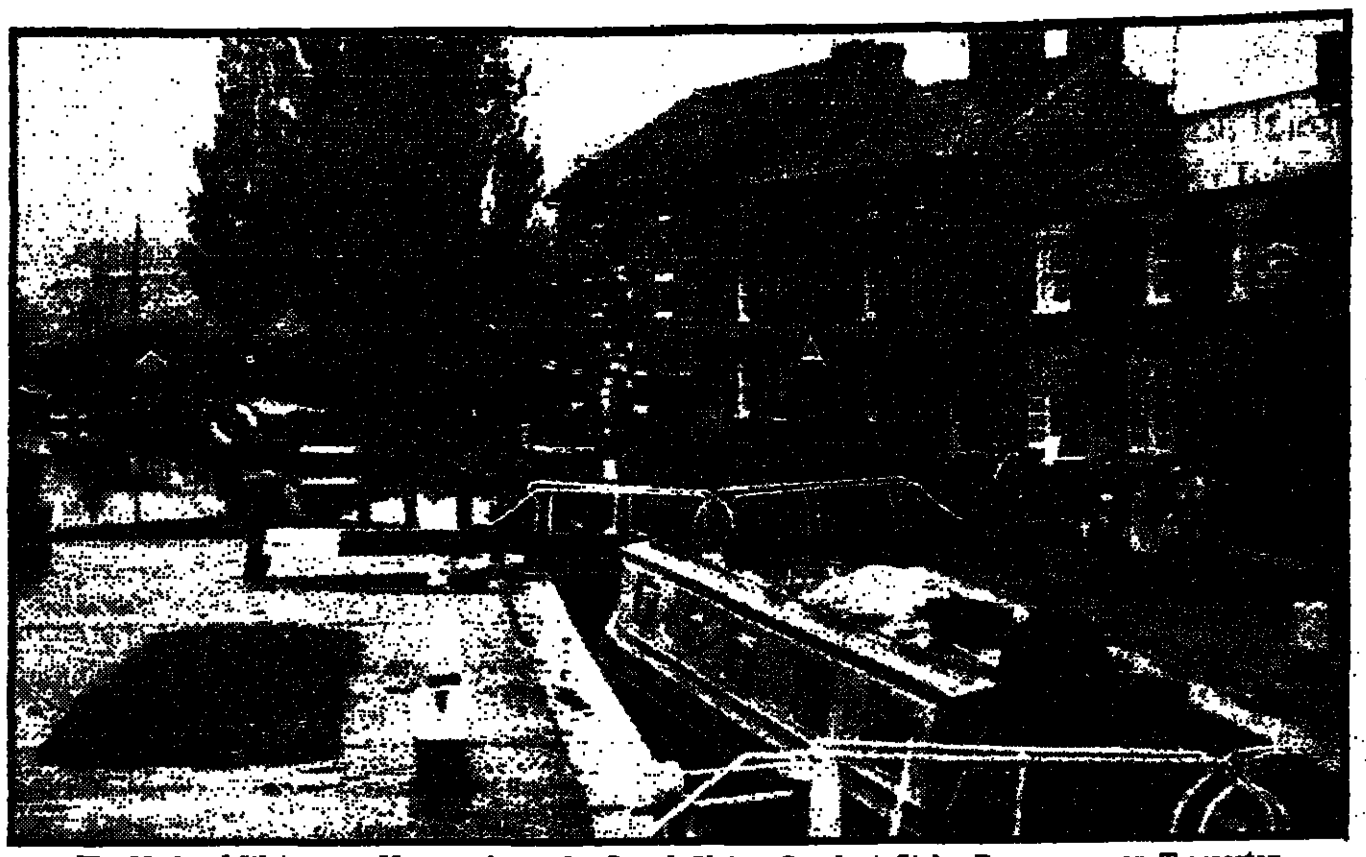
He is finance director of Avon Cosmetics, UK subsidiary of the U.S. business which has expanded consistently since it set up in a house in Northampton 25 years ago. The company has a turnover of about £90m and 1,700 workers.

Development is continuing particularly in the southern district, just off the M1 motorway. Tesco is building a shopping centre, the Bryant-Costain consortium has bought 175 acres of land for a £75m residential development, and Black & Decker is constructing the first phase of an £8m distribution centre

Mr Austin-Crowe says the town is well set for the future. Are there things still to be done or any regrets after 16 years of expansion?

"I would be hard put to find any problems," he says. "I would be anxious about employment, particularly for school-leavers. But in a town like this there ought to be the prosperity to overcome the problems."

As to his own future he is philosophic. "I shall continue to live in Northampton. It's a good place to be."



The National Waterways Museum is on the Grand Union Canal at Stoke Bruerne, near Towcester

Land release should aid expansion

Daventry

DAVENTRY, astride the A45 and near to the M1 and M6, has obvious attractions as a distribution centre. The presence of big names, such as Argos and Ford, which has a parts operation in the town, are witness to that.

But it has also attracted a large number of small manufacturing companies alongside more well-known ones like British Timken, Cummins Engines and Churchill (TI).

Mr Philip Waights, Daventry chief planning officer, attributes the success to his district council's policy of providing advance factories to rent—some 124 units totalling 318,000 sq ft.

He explains that the council tends to have less restrictive covenants than those of private developments, encouraging tenants to trade up into bigger units as they expand. Most of the factories are between 2,500 and 5,000 sq ft although smaller units of around 600 sq ft have been built in recent years.

But the real driving force for Daventry's expansion, which has seen the population of the town itself more than double to 17,000 over the past two decades, came from the overspill agreement in 1968 with Birmingham City Council.

In the prosperous 1960s Birmingham was looking beyond its own boundaries to cope with an expanding population. The city provided staff and finance in Daventry to promote housing and industry.

The Birmingham arrangement, given the sharp reverse in its fortunes, is no longer active although a representative of the city council still sits on the Daventry Development Committee.

Mr Waights says: "We have a lot of Birmingham people here—though many are now second generation. There is a bond of interest, almost affection, between the city and ourselves."

Interestingly, only one or two firms made the move from Birmingham. Daventry has recruited from a wide area and for a period also had overspill arrangements with London.

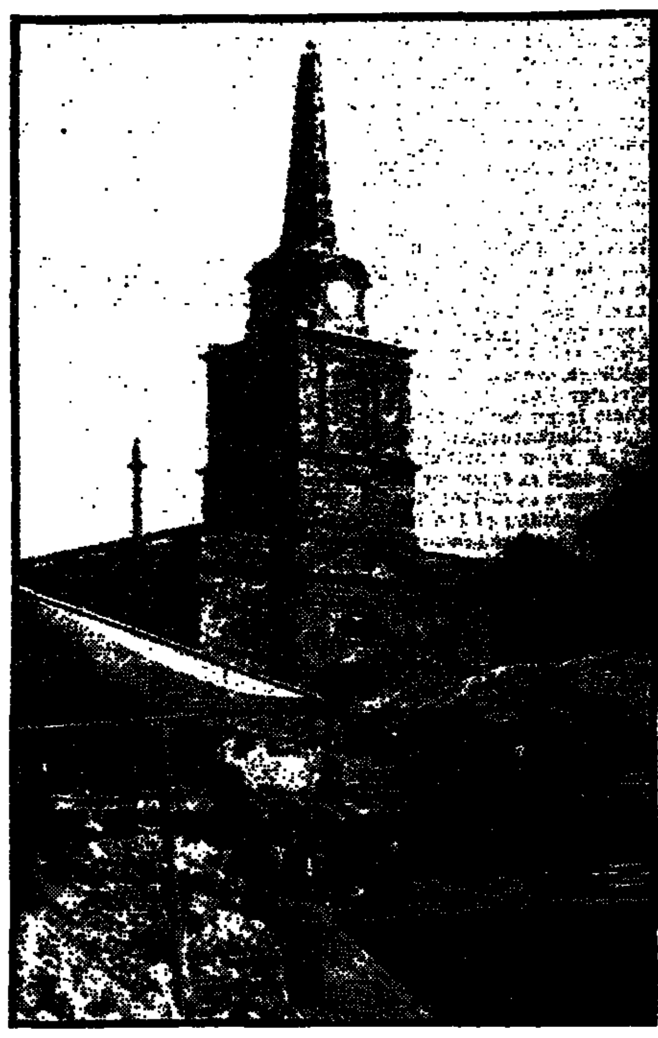
The town has been constrained over the past two or three years in attracting bigger developments because of its inability to offer sites of more than three or four acres.

But the district council has recently opened the 30 acre Drayton Fields employment area on which a site of up to 15 acres could be made available. The council also has under construction a 30,000 sq ft development of factory units ranging from 500 to 2,500 sq ft.

The private sector is also active with speculative developments of 14,000 and 15,000 sq ft.

Looking to future requirements, Mr Waights reports that his council is hoping to acquire 135 acres of land suitable for industry currently in the hands of a liquidator: "that would meet our requirements up to the year 2000."

Daventry's popularity as a shopping centre has increased following part pedestrianisation and traffic management schemes in the town centre. The major development has been renovation of the properties in Sheaf Street, including the recently completed International Stores.



The Holy Cross church in Daventry from Market Square. Popularity of the town's shopping has been increased by traffic management

Enterprising move out of the shadows and into diversity

Wellingborough

DESIGNATION as an enterprise zone has turned around the fortunes of Wellingborough, claims Mr Bob Ertwhistle, the district council's director of development. "We were being overshadowed by all the incentives being offered by places like Northampton, Corby and Milton Keynes. Now we are more than holding our own against the competition."

Indeed, less than two years since Mr Norman Tebbit, the Trade and Industry Secretary, opened the 95-acre zone nearly 90 per cent has been allocated. More than 250,000 sq ft of factory and warehouse units have been completed and many are already let. Other sites have been taken up for developments totalling more than 1m sq ft.

Names attracted include Anglia Building Society, Boots, Cosworth Engineering and Mothercare. Gestetner, making copying machinery, is expected to employ more than 400. Texas Homecare has taken 15 acres for offices, warehousing and vehicle maintenance and may employ around 300.

Mr Entwhistle reports that forecasts from companies taking space in the zone suggest that more than 1,000 jobs will have been created by the end of the year. And he is confident that the 2,200 jobs target set for the project will be exceeded.

He says the town has been rail and road communications, a ready supply of well-trained labour, key worker housing and "a pleasant environment in a mature market town."

The fact that Wellingborough, a town that prospered and expanded rapidly throughout the 1960s and 1970s, should ever require special assistance came as a shock. It followed a period in 1981-82 when company closures and redundancies pushed unemployment from around 4 per cent to 14 per cent.

Target

There were casualties across the spectrum but particularly in the town's traditional boot and shoe and engineering industries. "I don't think we shall ever suffer that shock again. We are more diversified and less vulnerable," Mr Entwhistle argues, pointing out that no company now employs more than 500 workers.

Wellingborough's unemployment rate in May, at 13.2 per cent, fell back to the national average for the first time for several years. "There is every sign that the progress will continue. Our next target is to get below the regional average, and then the county average."

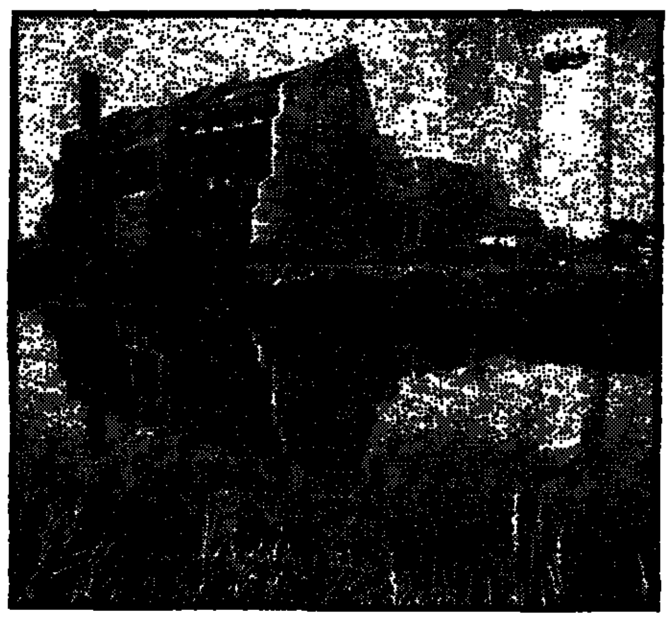
Mr Entwhistle makes the point, however, that 4,700 extra jobs will be required in the period up to 1991 to cope with the increase in the workforce able to offer to newcomers good caused by the number of school-leavers exceeding retirements.

Wellingborough is looking to continued growth, albeit at a more leisurely pace than in the period from 1962 to 1980 when it had an overspill arrangement with the Greater London Council and the population increased from 24,000 to 40,000.

It was against the expectation of a much higher population than now seems likely that in 1977 the 320,000 sq ft Arndale Shopping Centre was opened. But, helped by free car parking, and the influx of new industry, the retail trade has remained buoyant. Some limited development schemes seem likely.

Wellingborough, while concerned to expand the service sector, has also moved quickly to ensure a ready supply of industrial land following the early take-up of space in the enterprise zone.

A 200-acre site just to the south of the zone is currently being opened up and should be ready by early next year.



Carlesberg's brewery in Northampton is its largest manufacturing complex outside Denmark

Optimism rules on growth prospects

Kettering

KETTERING, a pleasant market town with a sound manufacturing has an unemployment rate of 10.7 per cent, comfortably below the national average. But that is no reason for complacency, argues Mr Martin Eagland, chief executive of the borough council.

He specifies job creation as the first priority, pointing out that the broad average masks several pockets of much higher levels of jobless.

"Nor should one see the issue merely in terms of unemployment figures," he argues. "It is important to attract new companies and industries to give a dynamism and stimulus to the local economy."

Kettering, with a population of 72,000, takes a more optimistic view of its growth prospects than that postulated in the draft plan drawn up by Northamptonshire County Council which projects a level approaching 77,000 by the turn of the century.

The borough draws attention to its potential importance as a distribution centre, particularly if the Government gives the go ahead for the proposed cross country road link from the M1 to the A1 of which a Kettering by-pass would be an integral part.

The town's principal industrial estate, Telford Way, is close to the planned route and next to the A6. Work started recently on servicing 40 acres which will be available for occupation from next January.

The development is more significant given Kettering's difficulties in the past in making available a ready supply of industrial land because of shortage of capital.

Mr Nigel Cooper, the industrial and commercial development officer, reports that a range of sites and premises are currently available for immediate occupation. He maintains that land and building costs in Kettering are low compared with surrounding areas and that grant assistance is available under a new scheme introduced by the borough council.

Mr Cooper said the importance of attracting new companies made it imperative that the funds would be made available to finance a continuous supply of land. Distribution activities, though providing relatively low employment, were likely to become increasingly important.

Traditional

Companies that have become established in the town in recent years include Canada Dry Rawlings, Lyons Tetley and McAlpine. But Weetabix, the company famous for the breakfast cereal of that name and for its Alpen brand, remains the largest employer in the area with around 1,600 workers.

The borough, recognised for its traditional industries of leather footwear and clothing, is the home of SATRA, the highly regarded Shoe and Allied Trades Research Association. But the diverse manufacturing sector extends across engineering through plastics and food processing to electronics.

Mr Eagland is alsa anxious to see a continuation of the growth in the service sector, though he makes clear Kettering must set its sights on servicing a sub-regional market rather than just the town.

An indication of the trend towards services as Kettering expends and prosperity rises is the pressure from retailers and developers for new projects in the town centre.

Dramatic shift from steel

Corby

CORBY has created 7,000 jobs over the past five years. For the town, which has a working population of 24,000, that is the equivalent of around 30 per cent of the jobs required, says Mr Fred McClenaghan, the Director of Industry.

"And we have achieved that through the depths of a national recession. The trouble is that we had lost 50 per cent of the jobs before we started. We still have to find the other 20 per cent."

Indeed, the employment problem at Corby, traditionally a one-industry town, reached crisis proportions in 1979 with the announcement by the British Steel Corporation that it was to end steelmaking and more than halve its 11,000-strong labour force.

Coopers and Lybrand Associates, called in as consultants, recommended a programme for massive industrial development. A unique role was given to the New Towns Commission which was in the process of taking over the assets of Corby following the disbandment of the Development Corporation originally set up to promote expansion.

Corby was declared a development area and the Commission was charged with the task of assembling sites, building the roads and infrastructure and providing the factories necessary to attract new industry.

The Commission linked with Corby District Council and Northamptonshire County Council to form a joint Industrial Development Committee to which Mr McClenaghan reports.

Corby was given another boost in June 1981 when it became England's first enterprise zone able to offer special incentives on a designated 285-acre area. Mr McClenaghan reports that only 12 acres remain for development but there are "buildings immediately available to suit all shapes and sizes of newcomer."

Companies making everything from sugar cakes to clay pigeons, from breadcrumbs to Wellington boots

Around 500,000 sq ft of accommodation, whether in the enterprise zone or not, is currently available—most of it built within the past two to three years. "I can find anything from less than 1,000 sq ft up to 50,000 sq ft," Mr McClenahan says.

He says that following the recent government review of regional policy Corby is eligible for the highest level of assistance worth from £3,000 a job.

The effect of attracting so many new companies in recent years has been to diversify the local economy dramatically. British Steel now employs little more than 3,000. But companies can be found making everything from sugar cubes to clay pigeons and bread crumbs to wellington boots.

One of the newcomers, R. S. Components, a distributor of electronic and electrical parts, which decided to establish its national distribution centre at Corby, now employs around 1,200 workers.

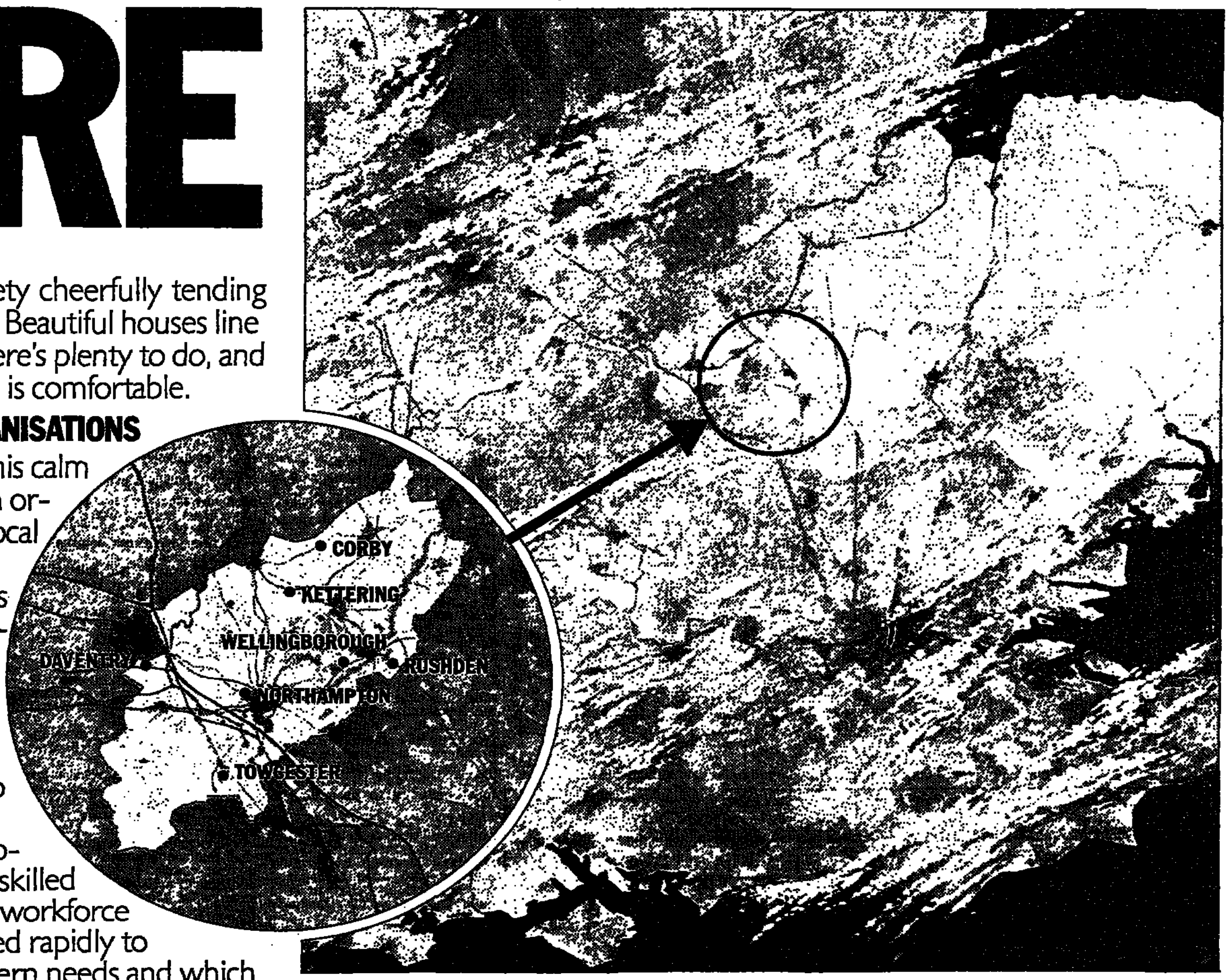
Commodore, one of the leading U.S. personal computer companies, has committed a £20m investment and employs 600.

Corby, 80 miles from London and 50 miles from Birmingham, has always stressed its strategic location. More than £20m has been spent on highway improvements over the last five years. "Nearly every road in every direction has been straightened or made into dual carriageway," Mr McClenaghan says.

Corby would benefit from construction of the proposed highway link between the M1 and A1 providing a cross country route from the Midlands to the east coast. The public inquiry into the road has been completed and a government decision is expected within 12 to 18 months.

Looking to the future, Mr McClenaghan says it is hard to make predictions about Corby's unemployment, currently standing at 23 per cent. But he is confident of "very steady business." He adds: "I think we shall see a few more of the bigger companies coming to establish themselves in the town and continued expanision of the firms already here."

SATELLITE DATA REVEALS WHEREABOUTS OF SECRET PROFIT-MAKING CENTRE



MAKING MILLIONS

A recent analysis of satellite data has revealed a secret profit-making centre in the tranquil surroundings of the English countryside only 70 miles north of London. Further investigations have discovered a series of mysterious operations in which businessmen have been making millions.

NETWORK UNCOVERED

A careful examination of pictures from the satellite has shown the area to be in the middle of a large and well established network of communications. Heathrow, Birmingham International and East Midlands airports can clearly be seen, none of them appearing to be much more than an hour or so away. The East Coast ports are also nearby, and from them millions of pounds worth of exports are daily making their way to foreign destinations. And behind the whole of this network is a complex infrastructure of service and support.

RURAL LOCATION

On the surface it looks much like any other peaceful rural area; a pleasant mixture of towns and countryside and a mature society cheerfully tending its daily affairs. Beautiful houses line the streets, there's plenty to do, and the pace of life is comfortable.

SECRET ORGANISATIONS

But beneath this calm exterior lies an organisation of local businessmen and councillors who are working together to create the ideal business environment. They're able to count on the support and co-operation of a skilled and dedicated workforce that has adapted rapidly to changing modern needs and which takes pride in the work that it does.

FAMOUS NAMES

So it's not surprising that such important national and international names as Ford, Weetabix, Avon and Barclaycard have been quietly getting on with being successful in this idyllic rural setting, known locally as Northamptonshire.

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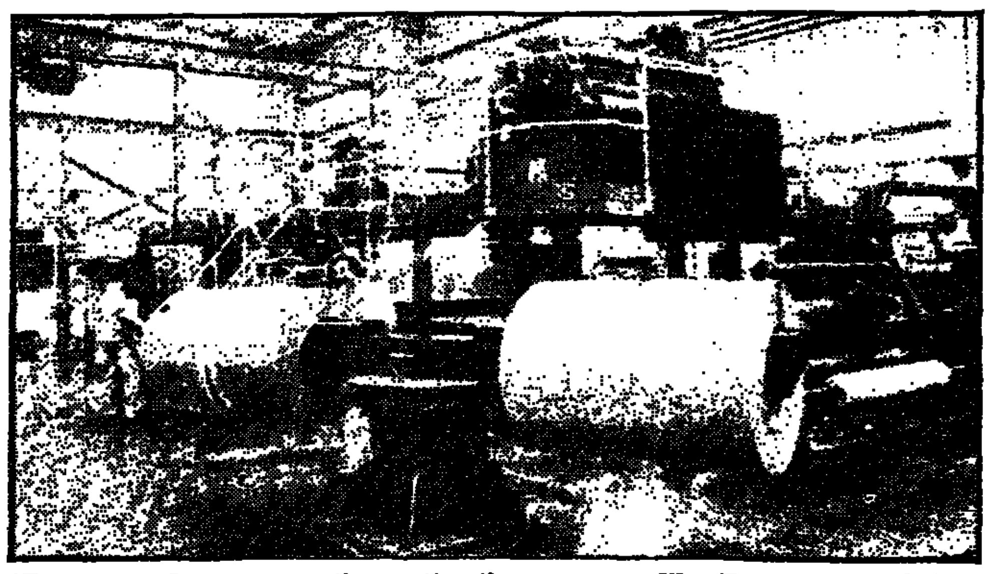
Northamptonshire 4

Promotion drive to fill vacuum

Enterprise Agency



The agency hopes to continue attracting concerns like Euromax, which has centralised UK operations on Corby's Earlstrees industrial estate

DAVID MANN, at 51, is one of Northampton's newcomers. But you would hardly think so to hear him reel off the attractions the county holds for industry and commerce.

A former senior executive with Guest Keen and Nettlefolds and the British Steel Corporation, he was recruited as chief executive of the Northamptonshire Enterprise Agency, a joint private sector-local authority initiative to generate employment and growth in the county.

After 18 months in the job he is giving a big push to the promotion side of the work with the launch of a national publicity campaign, to fill the vacuum created by the disbandment of the Northampton Development Corporation with its big advertising spend.

Mr Mann points out the agency has neither the finance nor the staff to replace the development corporation. "But we intend to keep Northamptonshire's name and image in the market place for those considering development projects."

The agency for the first time provides an umbrella organisation to promote the county as a whole. Individual towns have and will continue to advertise their particular attractions. All seven district councils are members of the agency with the county council providing around £350,000 of funds in the current year.

Mr Mann stresses the importance of local effort to make promotion of the county a success. Close liaison had been maintained with all the local authorities in developing the campaign and it would be the responsibility of each to follow up any projects revealed by the publicity.

Mr Jeffrey Greenwell, chief executive of the county council, certainly enthuses about the advertising campaign based on the slogan: "Northamptonshire — England's best kept secret." He chuckles: "It is true that companies here have achieved great success. The promotion presents the information in an amusing form just as a secret agent would report to his spymasters."

But the agency, which operates as a company limited by guarantee, is very much a partnership with the private sector holding an equal number of seats on the board. Companies contribute both through direct finance and the seconding of staff.

The core activity of the agency is small business counselling, a role operated jointly with the Department of Trade and Industry's small firms service. The majority of the inquiries relate to the possible start-up of new businesses in the county.

Mr Mann believes that a scheme, introduced by the county council under which grants of £250 a job are offered to small firms starting up, expanding, or relocating in the area, could be unique. The offer applies up to a maximum of 10 jobs.

In the last financial year 139 applications were approved involving grants for 468 jobs. Mr Mann accepts some job commitments will not be realised but suggests other firms may exceed their quotas: "This is one of the few available ways of developing employment opportunities. A cost of £250 a job would seem to represent good value for money."

Corby and Northampton top the league table of grants approved but the spread is fairly even across the county. Mr Mann reports the flow of applications shows no sign of easing for a scheme which he says is "making a significant contribution to the county economy."

The agency has also taken the lead in seeking to unite various interests in the county to develop tourism—one of the growth sectors where Northamptonshire is thought not to be realising its potential.

A role is also seen in promoting property development in partnership with the private sector. The agency believes there must be a number of schemes which would be desirable for the county economy but might be regarded as marginal under normal private sector criteria.

Mr Mann highlights in particular the provision of "high-tech premises on less than onerous terms, and the refurbishment of older buildings into cheap and cheerful workshop premises."

But as he points out the agency is a relatively new body and can only move as fast as staff and resources permit.

Pent-up demand outside towns

Retailing

CONTINUED consumer spending and shifts in shopping patterns are pushing up retail values and stimulating development.

The draft county structure plan, now under discussion, points out that in quantitative terms there is probably an overprovision of shopping floorspace until beyond 1991. But putting the simple statistical issue on one side the plan acknowledges the impact of changing consumer habits and the demand for qualitative improvements in shopping.

The plan addresses itself to the key issue already apparent throughout the county of pressure for out-of-town stores. There is pent up demand with leading national retailers seeking sites of two to three acres close to radial road routes.

The county planners say it is important to make some provision for out of town shopping but point to the "growing fear that some of the important and anchor stores could be lost to other locations or the more vulnerable shops in town centres could be forced to close down."

In Northampton, the country's main shopping centre, planning has restricted the supply of retail warehousing. Sainsbury has recently established a Homebase store close to the town centre and Harris Queensway has taken a 42,000 sq ft building on an industrial estate on the fringe of the town.

Northampton's main retail competition comes from Leicester, 30 miles to the north, and Milton Keynes, 15 miles to the south. The success of the new city's 1m sq ft shopping centre with its acres of free parking has probably been a factor in prompting pedestrianisation schemes now underway in Northampton's main shopping avenue, Abington Street.

The pedestrianisation and the planned resurfacing of the traditional cobbled market square is expected to raise values. A further boost will be given by a scheme expected to start late next year to redevelop Peacock Way, an important walkway from the market square to Abington Street.

Big names

The development which went out for tender in the spring was won by the Shearwater Group. The key tenant in the 80,000-sq-ft project is expected to be Hepworth.

A sign of the continued demand is the fact that Penwise Properties has now let 12 units, each of around 30,000 sq ft, in its Notre Dame scheme fronting Abington Street.

Northampton's rapid expansion over the past decade has seen the building of more than 1m sq ft of shopping area, of which the biggest scheme was the 300,000-sq-ft Grosvenor Centre.

The covered shopping complex has attracted many of the big names and agents report a shortage of prime shops with very few properties coming on to the market.

After the upheaval caused by a redevelopment on that scale, retailing seems to have re-established a set pattern, with Mercers Row and the Drapery significant secondary areas. Gold Street has proved popular with discount outlets and specialist traders. Bridge Street has attracted restaurants, estate agent offices and professional services.

The success of the development corporation's district centre at Weston Favell is underlined by its purchase for £6m by Capital and Counties. The centre has around 250,000 sq ft of retail space, with some 162,000 sq ft occupied by Tesco.

Tesco itself has acquired the site for the planned southern district centre, at Mereway. In addition to a 70,000 sq ft superstore with 750 parking spaces the development will include five shops and a public house.

Retailing remains buoyant in the country's three other main centres of Corby, Kettering and Wellingborough.

The Commission for New Towns at Corby is considering refurbishment of the shopping centre which dates mainly from the 1950s and 1960s. Plans are also well-advanced for an Asda superstore on the site of the old blast furnace for the steelworks.

At Kettering, with its projected population growth, pressure is already building up for development in what is a relatively small central area. Work is underway on a 45,000 sq ft superstore.

In Wellingborough town centre a similar pattern is emerging with a number of projects expected to start over the next 12 months. Developers see scope for schemes to complement the 322,000 sq ft Arndale Centre opened in 1977.

The Grosvenor shopping centre, Northampton, an air-conditioned central complex which symbolises the former new town's development

PROFILE: DAVID WOODHALL

Overlord with local roots

For more than 20 years Mr David Woodhall was a key influence in shaping the development of Northamptonshire. He still has an important role, but now heads a body instrumental in pushing through the Government's privatisation policy.

A smiling, affable man he is the chief executive of the Commission for the New Towns, one of Britain's biggest landowners and landlords, but charged since 1979 with seeking an orderly disposal of its industrial and commercial assets to the private sector.

In April, he took over 1,000 acres of development land and 350,000 sq ft of factories from Northampton after the disbandment of its development corporation. He already had responsibility for shops, offices, factories and land in Northamptonshire's other former new town, Corby.

The issues that face Northampton and Corby are known to him personally, and not merely because he has offices and representatives in each of the towns. Mr Woodhall was appointed chief planning officer of Northamptonshire County Council in 1971—at 36 he was the youngest in England. The top planning job followed eight years' experience with the county.

Further promotion came in 1980 when Mr Woodhall became assistant chief executive of the county, the position he left to take over at the Commission.

Mr Woodhall, now 50, left school in Doncaster at 16 to take a job with the West Riding County Council and then the Cumberland local authority, but he values particularly the experience gained in Northamptonshire. He smiles: "As a Yorkshireman I have to admit it is a fine county and I have been proud to be associated with its development.

David Woodhall, chief executive, New Towns Commission

The role of the Commission in Northampton and Corby provides good illustrations of how its functions have developed since it was first set up in 1962 charged with taking over management of the new towns once expansion was nearing completion.

Legislation in 1976 required the housing and related assets to be transferred to local authorities leaving the Commission with a prime responsibility for retail, office and industrial developments.

More significantly, the newly elected Conservative Government in 1979, as part of its commitment to privatisation, asked the New Town Corporations and the Commission to sell off their industrial and commercial assets.

By the end of last year sales had realised more than £300m in the eight towns then held by the Commission: Crawley, Hemel Hempstead, Hatfield, Welwyn, Stevenage, Harlow, Bracknell and Corby.

Mr Woodhall says: "I am returning the taxpayers' investment to the taxpayer." In pursuing disposals the Commission gives tenants the first opportunity to buy, seeks a fair market price and ownership as widespread as possible.

Mr Woodhall stresses "the need to be sensitive and responsive to local communities." In Northampton a liaison committee has been formed with representatives from the borough council.

In Corby, because of the unemployment problems caused in 1980 by redundancies at British Steel Corporation, the Commission has a far more active role. It sits on a joint industrial development committee with representatives from Corby district council and the county council.

The commission uses public money to assemble sites and build the roads, infrastructure and factories necessary to recruit new employment.

Mr Woodhall sees as important the Commission's job creation role. In addition to promoting Northampton and Corby through its local offices the Commission is opening a sales bureau in London which will perform a marketing function for all the new towns within its responsibility.

Mr Woodhall enthuses: "I enjoyed my time in Northamptonshire. But we have a really worthwhile job on our hands here and I am sure we can make an important contribution to the county."

COMPANY PROFILES

Further expansion in pipeline

MFI

THE fast-growing furniture and household goods retailer MFI will soon have nearly 1m sq ft of warehouse space at its national distribution centre at Northampton, and has plans for further expansion.

MFI, which has increased its turnover from £176m in 1981 to more than £300m in its last financial year, chose Northampton for this major development because of its location and the co-operation from the development corporation.

The first 650,000 sq ft was completed four years ago, and a further 330,000 sq ft will be finished in September, exhausting the capacity of the existing site.

"We are now beginning to look at other land nearby," said Mr John O'Connell, assistant managing director of MFI.

The company's 131 retail outlets are served directly from Northampton, via about 200 vehicle movements a day, which made it essential that the site was not hindered by other traffic.

Some 76 per cent of goods sold through MFI stores is manufactured in the UK, and the imported remainder comes mainly through east coast ports, another reason for the location. About 30 per cent of goods are delivered by MFI's fleet of 49 vehicles.

"The important thing about our site is that the development corporation carried out good work on infrastructure, roads and other facilities," Mr O'Connell said.

MFI employs 333 people in Northampton, making it one of the biggest local distribution centres, and it is now recruiting additional staff. Its growth has been fuelled through expansion into white goods, carpets and new lines of household products.

MFI has a network of stores in Britain and a limited franchise operation in Singapore. It expects to acquire about 50 new retail sites in Britain this year, often to replace existing outlets with larger ones. The average size of its retail premises has increased in the past few years from 19,000 sq ft to 31,000 sq ft and is still rising.

Northampton has been one of the most active trading areas for MFI, due to the thriving local economy and the relatively young housing stock, which has attracted increasing numbers of new families in the right earnings bracket.

Automated approach to growth

Black & Decker

BLACK & DECKER, the U.S.-owned power tool company, has chosen Northampton to build a highly-automated warehouse as a distribution centre. IDC, the Stratford-based design-and-build company, is constructing the 120,000 sq ft building on a 29-acre site purchased from the development corporation.

This follows the increase in turnover by Black & Decker in the UK and a shortage of space at its manufacturing plants at Maidenhead and Spennymoor.

Northampton was chosen as the most central site, because some products are imported via East Coast ports.

The 80-ft-high centre is due to be completed next February and will come into operation about three months later.

A study by the company showed that one highly computerised warehouse was the most cost-effective way of handling the increasing range of Black & Decker products. These include power tools for industry, DIY tools, and a range of household goods to be introduced soon, such items as kettles and coffee makers, which will be mainly imported.

The company has annual sales from the UK of about £180m. This includes some exports to the Continent, which will continue to be shipped direct from the factories and will not go through the distribution centre.

The total cost of the project is about £8m, although there are plans to double the warehouse size, depending partly on the success of the household products.

An extended centre would take up about half the site, leaving the remainder for further expansion.

The warehouse will operate with Dec PDP 11/73 computers interfaced with the company's mainframe installation at Slough, which handles order processing and distribution. It will be a "paperless" warehouse, in which orders will be transmitted from Slough for automatic assembly.

Parts of the warehouse will need no heating or lighting, as it will be mostly unmanned.

The River Nene is one of the county's main recreational assets

Belated action for a leisure laggard

Tourism

NORTHAMPTONSHIRE has realised belatedly that its historic houses and countryside are a valuable potential tourist business.

The revised draft of the structure plan under discussion acknowledges that policies on tourism development have never been included. The county also lags behind its neighbours in the East Midlands—Leicestershire, Nottinghamshire, Derbyshire and Lincolnshire.

The latest figures available (for 1979) show Northamptonshire bottom of the group for tourist spending (£19m), rate of growth of tourist employment over three years (12 per cent), and total tourist employment (3,400).

An "action plan" for tourism was given the go-ahead earlier this month but things were already starting to happen. The Northamptonshire Enterprise Agency, a joint venture between local authorities and the private sector, has appointed a tourism manager, Mr Rupert Douglas.

He has a successful track record having helped build up the Rockingham Forest Tourist Association, a pioneering project by local authorities and the private sector in the north-east of the county under which hotels, pubs and leisure operators combined to promote the area.

Mr Douglas retains responsibility for that association and for Northamptonshire Farm Holidays, a group of farming families who offer farm-based accommodation both to the holidaymaker and business traveller.

The enterprise agency has set up a company, Northamptonshire Tourism, with flexible powers of operation, and an advisory panel with experience in the tourism business is likely to be set up.

The county council plan identifies key areas for action. On promotion there is need for a corporate image, brochures and publicity material, additional tourist information centres, central booking and provision of weekend breaks and special packages. Also highlighted is the need for a new quality hotel and for the development and expansion of existing facilities.

Planners point out that, while public funding averaging £35,000 was needed to create each job under the Government's assisted areas measures, one tourism job in the East Midlands cost about £4,500.

THE MANAGEMENT PAGE

Bulmer seeks new sparkle

The UK cider maker is under pressure and is rushing to diversify. Lisa Wood reports

FOR THE second year running H. P. Bulmer, the Herefordshire cider maker, is making an unusually rigorous review of the price it pays to its local suppliers of bitter sweet cider apples. Last year, for the first time, the company actually cut the price it paid to a substantial number of them.

This is just one of the changes that has taken place in the past year inside this family controlled business. In the past it could afford to take a somewhat paternalistic attitude towards its local growers. But a static cider market and falling profits—the company this week reported pre-tax profits at £7.5m for 1984-85 compared with £16.1m in the previous year—are compelling the company to prune its production costs and accelerate its expansion into new markets such as soft drinks and wines and spirits. And, it hints, it may be in the market for an acquisition in another drink-related sector or even the food business.

Fierce battle

"The sensible strategy now is to find other profitable areas for our business so we can stand knocks in the core cider activity," says Mr John Rudgard, managing director of the UK Drinks division. Cider currently accounts for about 80 per cent of the company's profits; the aim is to grow the other businesses so they make up to 50 per cent.

The fortunes of Bulmer, whose brands — including Strongbow and Woodpecker—have around 50 per cent of the UK cider market, rose in the early 1980s when sales were growing by 20 per cent a year. A key factor was the installation of cider in kegs in public houses: the number of such outlets doubled between 1979 and 1982.

But Bulmer's market share peaked at about 54 per cent in 1982, as success brought its own problems. Major brewers began to introduce their own brands into their own outlets putting Bulmer, which owns almost no pubs of its own, at a disadvantage. Cider brands owned by major brewers include Taunton, owned by a consortium including Bass, Courage, Scottish and Newcastle Breweries, and Coates Gaymers, owned by Allied Lyons, the food and brewing group.

Meanwhile, in the off-licence trade the growing market attracted imported products from cheaper "own label" drinks to premium ciders from Normandy. Most important, Bulmer had to face the fact that leading supermarket chains and other major retailers, with their ability to squeeze profit margins, had become increasingly important customers. The battle of the supermarket shelves is as fierce as any the company has had to face.

At the same time the whole cider industry received a body blow from the Chancellor of the Exchequer: duty on cider has been raised by 93 per cent in just over two years.

"A pint of cider can now cost more than a pint of beer in a pub," says Mr Rudgard, who is currently trying to glamorise the image of his product so that the image fits the price. Recently, for example, he considered pink cider but the idea had to be abandoned because he could not get enough of the right kind of apples.

The company was pushed into action by a 22 per cent fall in Bulmer's overall pre-tax profit for the half year to last October. The 1,600 workforce has been cut by 300 and a £1.5m investment in new production techniques, including robotic handling of kegs, has been accelerated. "We are the first company in the drinks industry to use robots," says Mr Rudgard proudly. "We cannot improve profit margins by pricing up so there is a premium on reducing production costs."

The plant is being reorganised to improve efficiency and make computerisation is on the way. "The implications are still fewer jobs in the future," says Mr Rudgard.

In seeking to introduce new brands of cider the company may also in the future be able to utilise its 260-odd old oak storage vats which seem at first sight to be museum pieces.

They hold up to 60,000 gallons of cider each—a minute amount compared with the glistening new storage tanks elsewhere on the site, one of which holds 1.65m gallons. "As we introduce new and different blends of cider the old vessels will become more and more useful," says Mr Rudgard.

Bulmer's various brands of cider account for 80 per cent of its profits; by developing new businesses, including Orangina, it plans to cut the rate to 50 per cent

But Bulmer is looking well beyond cider and in particular at soft drinks. This market is currently undergoing something of a transformation, with manufacturers targeting an important consumer—the adult. Traditionally soft drinks manufacturers have focused on children and the competition has been cut-throat on the High Street. But with more adults today tempering their alcoholic drinking with soft drinks and demanding more variety, manufacturers have found that by introducing more sophisticated flavours they can charge a premium price.

Added value

Last month Bulmer announced it was to distribute Orangina, France's best selling soft drink, with an option from Pernod Ricard to manufacture the fizzy drink with its real orange ingredients should it prove successful. "Our new soft drinks strategy will take us into the market for added value products," says Mr Rudgard. Bulmer already distributes and markets Perrier, the leading mineral water brand in the UK (it claims 60 per cent of the market) and here too there are more opportunities. As an example of added value products, Mr Rudgard cites Perrier's own U.S. test marketing of the product with a hint of flavours such as lemon. Obviously the product costs the consumer more — and makes more profit.

A fundamental shift in strategy is also occurring in Bulmer's wine and spirits subsidiary, Dent & Reuss, which in the past has concentrated on quality brands, such as Pol Roger Champagne, with high profit margins but limited sales. In a bid to improve sales volume Bulmer says it is now prepared to go for more popular brands with reduced margins. But it is a path that the company recognises could be perilous, with many other companies in the same business achieving sizeable market share but limited profits.

Bulmer has also struck out abroad in the last few years. Its most recent acquisition was Red Cheek, a U.S. apple and apple juice business which Bulmer hopes it can use as a platform to expand its sales in the U.S. Previous attempts to sell its cider there have fallen flat.

"Part of the current strategy is to acquire more abroad," says Mr Rudgard. "We would be prepared to strike out into certain sectors of the food market if there appeared a logical fit with our current businesses. But we are probably looking more closely at drink related businesses. Transferable skills are vital."

Industrial paints

Outsmarting global giants

Ian Hamilton Fazey on the "niche" strategy of a small West German coatings company

WHEN Hans-Harald Grebe talks about "his" companies, he means it; he has even bought out other interests to give himself 100 per cent control with no one to say to him nay. But even if he had shareholders they might find it hard to complain about his management—sales have grown 517 per cent to DM 103m (£26.5m) in nine years.

On top of that, by combining astute technical development and some UK help on international marketing, he is beginning to go global with a sense of purpose that might impress even Soichiro Honda.

Grebe's companies make industrial paint—not the home-decorator stuff of DIY shops, but the technologically advanced, high performance coatings that go on manufactured products. They now have 10 per cent of West Germany's market in the sector.

When he became chief executive of Weilburger Lackfabrik on his father's death in 1976, he was not even 30. Three years ago he bought Germany's oldest paint company, the ailing, asset-stripped, 175-year-old Schramm Lacke in the Frankfurt suburb of Offenbach, a fast hour down the autobahn from Weilburg where Germany's first King was crowned. He turned it round in a year.

Grebe says the key to progress has been tight niche management—identifying market segments initially too small to be worth a paint giant's time, developing advanced, products for them in order to steal a march on everyone else, and then marrying technical and marketing management to push for customer-oriented sales growth.

The fragmentation of paint markets into ever-specialised segments—a process that has accelerated with tighter margins during recession—has been perfect for this strategy; although Weilburger's competitors in various segments may be giants such as PPG, Dupont, Hoechst, ICI or BASF, it has successfully played David to any of their Goliaths.

The advantage of not being a public company has been that no one has been able to pressure Grebe to make profits during what have been lengthy periods of product development.

He says: "Private ownership means we can spend two or three years on a niche without having to worry about profits and what the stock markets think of us. If you find the right niche and attack it properly you can then take that niche worldwide."

Grebe's main worry about doing so, however, has been his belief that while Germans excel technically they are deficient on general and marketing management—areas in which he believes British managers are among the best. This accounts for the presence of Tim Rand, 38, in his group, who impressed Grebe when selling against him in the 1970s.

Hans-Harald Grebe (left) with Dr. Klaus Reucker, technical manager of the Group's Schramm Lacke company

Rand is managing director of the expanding, Warrington-based Weilburger UK and is the group's key man on export development. He and Grebe started new operations in the U.S. in 1983, Brazil in 1984 and South Africa last year. China, Japan, Hong Kong and Taiwan are now opening up Joint ventures or licensing are likely in all export markets.

But how does Grebe's approach to management work in practice?

The European Coil Coaters' Association—its members paint coils of steel or aluminium sheet by unrolling them, roller coating them on automatic paint lines, baking the coatings to cure them in minutes, and rolling the metal up again ready to be cut into pre-finished sheets when needed—frequently points out two notable Weilburger firsts.

The first was an abrasion resistant paint for roller shuttering—a big segment because of its use on German domestic windows. Previously, these eventually rusted up and became unworkable as the paint chipped and the exposed metal corroded. Sudddenly, sheet with Weilburger's coatings could be formed into shutters which were near-abrasion proof. Though large paintmakers followed two years later with "me too" products, Weilburger had by then established a dominant share.

The second development was a transfer printing system for decorating pre-painted steel sheet: the pigments are driven by heat through a top layer of clearcoat so that their resistance to light is increased and they cannot wear off.

The system is used to make large-area, decorative wall panels for places such as foyers, or to enable traditionally white goods such as freezers or refrigerators to be patterned or even carry pictures. Here, Weilburger still stands alone.

Several of the world's giants have been trying to persuade him to sell out to them. In some cases the giant has wanted to acquire a troublesome competitor, but Grebe is against increasing concentration of ownership in international paint markets and has rejected all offers.

He says: "We build up relationships directly with our customers. Big competitors don't have time for personal input at senior level. The contact happens down the line. Tim and I do it ourselves. It's all part of successful niche management."

Another key factor is the way technical staff are deployed. (They account for 70 out of 450 total staff.) They are not allowed to work in ivory towers. Grebe says: "We put lab people into relationships with customers. The R and D man sees the work he does on a product is carried right through to the marketplace. We get technical people out. This leads to high motivation among them. People identify themselves with the product and the customer."

He adds: "The long term strategy is always to be innovative, to take long-term thinking into the marketplace and see a coating not as something merely decorative or anti-corrosive but as a substantial part of the product. We are prepared to spend a lot of money making the market understand this. We always try to do a cost-benefit analysis for the customer. We always try to ensure that our customers get a good return on investment."

Rand reckons one of the group's most effective approaches is its marketing technique whereby the concept behind a paint is sold to the potential end user, not to the buyer who is going to use it in manufacturing.

All of these factors have led to the group's latest product, a paint called "Soft Feel." Sprayed on to injection-moulded plastic with a "grained" appearance, the paint makes the plastic look and feel like real leather. A perfume is bing worked on at Weilburger to make it smell like it too.

Schramm is already in at Volkswagen with the new paint, Ford in Berlin is trying it and talks are taking place with Ford in the UK.

The market segment under attack is the use of plastic laminates on car interiors. Grebe says that Europe's largest paintmaker, Hoechst, which has a major production facility 50 metres from Schramm's front gates, would have no incentive to devlop such a paint since it already dominates the laminates market now threatened.

Grebe says: "We spent nearly three years on Soft-Feel. We can take this product into furniture, radio, TV, and desks. Did you know that secretaries complain of bruising their knees on modesty boards? This will stop that. We expect to take market share too from injected foam."

THE PROPERTY MARKET BY MICHAEL CASSELL

Greycoat steps up retail development

IN A SMALL but highly significant deal concluded this week, Greycoat City Offices has committed itself to stepping up its involvement in retail shopping development.

For a cash figure believed to be less than £500,000, one of the UK's largest property investment and development groups has purchased Merevale Developments, the private property company run by Rod Pearson.

Greycoat, which yesterday published its annual figures, is best-known for its large-scale, central London office schemes. Although that is how it intends to remain the group has for some time been anxious to step up its exposure to the retail market.

At present, around 20 per cent of the group's £130m portfolio is, by value, held in the form of shop property, most of it having come via acquisitions or as part of office-based development projects. Investments are as far afield as Wednesbury, West Midlands and Elgin in Scotland, most of them involving developments carried out in the 1960s and early 1970s.

Now Greycoat is keen to step up its direct retail development activities to create a new generation of investments and the purchase of Merevale—to be renamed Greycoat Merevale Shop Investments—will create the necessary team, as well as a few major schemes to be going on with. Rod Pearson, who keeps 5 per cent of the equity, will join Greycoat.

Greycoat's Geoffrey Wilson says the move is a strategically important one for the group: "We have been trying to step up our involvement in the retail development market for a long time and have been talking to Merevale for nearly a year. We prefer organic growth but the deal is what we needed for lift-off. I hope that within twelve months we will really be motoring and that we will have established a sizeable shop development arm. Apart from Merevale's existing commitments, there are one or two other projects up our sleeve."

Greycoat's only major retail scheme on the way is the Westgate shopping centre in Stevenage, Hertfordshire. The £11m project should start early next year.

But the acquisition of Merevale brings the group a number of other retail projects already underway. At High Wycombe, Merevale is working with Bredero on a central shopping development which has been forward funded by the Crown Estate.

In addition, Merevale has jointly applied with UK Provident Institution for planning consent to build a 200,000 sq ft shopping centre in the centre of Wimbledon. The company is also buying the former Debenhams store in Great Yarmouth, which it intends to convert into shops.

Tower Hill site sold

ONE of the City of London's last remaining, major development sites — the Minories car park close to the Tower of London — has been sold to a consortium comprising Guinness Peat Properties, Berisford Property Developments and Sir Robert McAlpine.

Competition was fierce and the winning development team will now build a 200,000 sq ft office scheme, to be funded by Postel. The site will also incorporate the Tower Hill terminus for the new Docklands Light Railway. Knight Frank & Rutley acted for the consortium and, with St Quintin, will let the scheme.

Although London & Edinburgh Trust, whose name has been closely associated with the Guinness Peat proposals, is not included in the winning consortium, it appears that it will eventually be involved in the project.

● London & Metropolitan Estates; the joint development company operated by London & Edinburgh Trust and Balfour Beatty, recorded gross operating profits of £3.3m (£1.4m) in 1984, although there is no dividend. At the year-end, net assets stood at £2.1m. L & M reported yesterday that Betchworth House, its 31,500 sq ft office building in Redhill is now fully let.

MEPC has won full planning consent to develop a £9m shopping scheme in Newcastle under Lyme, Staffordshire. The 150,000 sq ft centre will include one store and 26 shops. Drivers Jonas are planning consultants to MEPC.

Investment 'set to revive'

IMPROVING rental growth, more realistic and flexible yield structures and the prospects of a decline in the outstanding performance of equities all point to increasing institutional interest in property. That, at least, is how the prospects for investment appear from the Berkeley Square offices of Richard Ellis, the agents and surveyors, who reckon property is set to make a strong come-back.

Ellis say supply and demand is now moving towards equilibrium in many local markets and that a climate has been created which is more conducive to improved rental growth—especially in the office and industrial sectors—which it expects to accelerate during 1986.

At the same time, the agents say that the market will be poised for an upsurge in activity once yields—which have resolutely failed to reflect short or even medium-term rental expectations—have been reassessed to produce a pricing structure which more reliably reflects prospects for growth, the risk profile and the opportunity cost of alternative investments.

The optimistic approach is not the first to emerge recently from the ranks of property advisers, who clearly have more than a passing interest in seeing a healthy and active investment market. But there are increasingly good grounds for believing there is more than wishful thinking behind their predictions.

Last year, in the face of continuing poor returns, net new institutional funds allocated to property fell to about 8.5 per cent of total investment, almost half the level achieved five years earlier. Now there are signs that spending levels are starting to pick up and Ellis for one believes the funds, armed with evidence that rents are again climbing, will this year push up to 10 per cent of new investment funds into property, the highest level since 1982.

Even so, the agents believe most funds have been slow off the mark in recognising changes in the occupational market and in adapting investment policies accordingly. This time round, they say, the institutions must be more adventurous and imaginative if they are to reap the full benefits of an improving market.

Ellis says the need to lower the risks attached to pursuing only prime investments — a favourite ploy among small and medium-sized funds—the lack of quality properties on the market and an acceptance of the need for a more balanced portfolio in terms of asset profile are all pointing the way toward the need for "a complete reconsideration of traditional policies which have become outmoded in current market conditions."

According to the agents' 1985 annual investment review, while some investors and advisers have acknowledged the fundamental shift in the nature of occupational demand when valuing increasingly obsolescent portfolio properties, most remain reluctant to reflect the changes and need to pay a lot more attention to what occupiers want rather than what they think they should have.

The report continues: "We consider this period of radical change, after the pursuit of performance through the acquisition and development of prime properties for about 10 years, not only necessitates a readjustment of investment policy but also presents a great opportunity to those investors who are adaptable and prepared to accept the risk of investing before there is clear evidence of future performance prospects."

Ellis concedes that some of larger, more mature funds have endeavoured to improve performance by the creation of quality assets through development, others have improved returns by more active management and a limited number have gone for specific subsectors like retail warehousing.

But the majority of institutions, they believe, have yet to implement necessary changes in policy but that they will be forced by increasing competitive pressures to adopt a more diversified approach.

Apart from property's increasingly positive attributes, Ellis reckons the prospects for lower returns from competing forms of investments, particularly equities, will permit the property sector to compete on more favourable terms. The prospect of an increasing cash flow into property is further supported by the likelihood that many funds are now questioning the wisdom of selling high-yielding assets at prices which are now likely to provide a sound base for future performance, with a bias towards income rather than capital growth.

Mark Creedy at Ellis comments: "We are not suggesting a complete turnround in the market. But a gradual improvement is underway and sentiment is improving. It is now easier to make a case for property than it has been for several years."

Rosehaugh teams up in Southampton plan

GODFREY BRADMAN'S Rosehaugh is teaming up with Associated British Ports Holdings in a £50m project to develop 50 acres of land at the Port of Southampton.

The development will represent one of the largest urban renewal projects in the country and will include a waterside village and marina, retail space, houses, studios and offices. The first phase should be open next summer. To carry out the development, which will embrace Princess Alexandra Dock, the two partners have formed a jointly-owned company, Rosehaugh Associated Ports Developments.

● Hardanger Properties, in conjunction with Royal Life, has won full planning consent for the Pride Hill Centre. Their £20m retail development in Shrewsbury. The developers have also agreed terms for a pre-let to C & A, which will take 23,000 sq ft in the 210,00 sq ft development. Edward Erdman, Shearer Harris and St Quintin are letting agents.

● Following confirmation that Sun Life of Canada is moving its UK headquarters to Basingstoke, where a new building will be ready in mid-1987, the group is considering the future of its 70,000 sq ft office building in Cockspur Street, Trafalgar Square. The property is held on a Crown lease with 40 years to run and Sun Life has not decided whether to sell or refurbish and re-let. In another relocation, Confederation Life Insurance is moving from Chancery Lane to a new 90,000 sq ft headquarters building in Stevenage, Hertfordshire. In 1987 it will leave behind a 15-year lease on 27,000 sq ft of space in Confederation Life House and about 10,000 sq ft of additional space in nearby buildings.

● Hampton Trust is paying £1.7m for the 87-year head leasehold interest in phase two of Edmonton Green shopping centre, north London, which is sublet to the London Borough of Enfield. Annual rent receivable by Hampton is estimated to rise from £172,000 to £238,000 by the end of 1987. The book value of Hampton's UK portfolio will rise to £18.7m on completion of the deal.

● In a deal which highlights the current revival in the Victoria market, American Express is taking 35,000 sq ft in Portland House, Stag Place, the headquarters building about to be vacated by Blue Circle. No details of the rental have been revealed by Gooch and Wagstaff, the letting agents, although they have been asking about £18 a sq ft for space in the building. Around five floors remain available.

● Austin Reed has sold the freehold of 40 High Street, Stratford Upon Avon for £1.25m to Guardian Royal Exchange Pensions Management. The deal reflects a net yield of 4 per cent.

APPOINTMENTS

Gill & Duffus reorganisation

Following news that the offers on behalf of Dalgety to acquire Gill & Duffus Group have been declared unconditional, GILL & DUFFUS GROUP has made the following board changes: Mr D. C. F. Pearson, Mr D. H. L. Hopkinson and Mr M. D. Martin have resigned from the board. Mr G. T. Pryce, chief executive of Dalgety, has been appointed a director. The resignations are in accordance with the intentions stated in the chairman's letter of June 18 which was contained in the offer document.

★

ERICSSON INFORMATION SYSTEMS, the UK subsidiary of the Swedish Ericsson Group, has appointed Mr Richard Rowe its company secretary. He has also been appointed company secretary of the five companies within the Ericsson Programatic Group and of Ericsson Network Engineering.

★

Mr Tim Covington has been appointed the managing director of HOTCAN.

★

The following changes to the board of BRITISH MANUFACTURE AND RESEARCH CO. have been made: Mr M. Funk has been appointed chairman of the board following the retirement of Mr L. R. E. Appleton. Colonel A. Martin has retired.

★

Mr Peter Dodds has joined PRIVATBANKEN as head of the bank's international department. He becomes an associate director. Other associate directors are Mr John Green, Mr Kurt Tofte Jensen and Mr Martin Lister, Mr Henrik Bjorn becomes deputy head of the bank's international department responsible for financial institutions.

★

Mr F. L. Sanderson has been appointed to the board of J. H. MINET AND CO. He will also become managing director of the marine division.

★

Mr Alan Gunner has been appointed finance director of HORNES MENSWEAR (RETAIL). Mr Gunner has joined Hornes after five years with the Burton Group where he was financial controller of Dorothy Perkins. Mr Alistair Ritchie has been appointed company secretary of Hornes Brothers. Mr Ritchie has joined from BAT Industries after three years with its retail division.

★

Mr D. E. G. (Bill) Redstone has been appointed as chief executive of the 48 GROUP. Formerly he was marketing director with the Trafalgar House Group.

★

PENTAGON BUSINESS SYSTEMS has appointed Ms Barbara Riddle director of sales and marketing. She joins Pentagon from ICL, where she was corporate events manager.

★

CORNHILL INSURANCE has elected Mr Richard C. Thornton a member of its board. In 1970, he established with T. Griffin an investment company, G.T. Management, where he became chief investment officer and subsequently chief executive. In 1983 he became a director of J. Rothschild Holdings.

★

Mr David Borthwick, managing director of Proctor and Schwartz, has been appointed group vice president responsible for the world wide interests of the PROCTOR AND SCHWARTZ GROUP, the capital equipment design and manufacturing subsidiary of SCM Corporation. He will remain in Glasgow, stressing the increasing international perspective of the Proctor Group which until this date has been controlled from headquarters in the U.S.

★

CRYSTALATE has appointed Mr Alex J. Trotter as a director. He is managing director of Welwyn Electronics at Bedlington in Northumberland. Mr Joe Martin has retired.

★

Mr Martin Acland has been appointed to the board of REDFEARN NATIONAL GLASS as a non-executive director. Mr Acland was until recently an executive director responsible for the operations division of Mercantile Credit. Mr Alan Hisley will be retiring from the board on July 31 and will remain a consultant. Mr Peter G. Redfern will resign from the board on the same date due to ill health.

CONTRACTS

£1.5m defence work for Racal SES

Orders worth £1.5m from the UK and another Nato country, for CLASSIC remote ground sensors have been won by RACAL-SES. In the UK, the CLASSIC systems have been ordered by the Ministry of Defence (Procurement Executive), following a competitive evaluation. They will be used by the Army in many areas around the world. CLASSIC (Covert Local Area Sensor System for Intruder Classification) is designed to detect an enemy's movements in areas screened by terrain from line-of-sight. It is a modular system and in its basic form consists of a sensor and a handheld monitor. Seismic, passive infrared and other sensor units may be used with each monitor — the sensors being hidden at strategic points up to seven kilometres (4.3 miles) away where there is the likelihood of enemy intrusion.

★

Sun Life Assurance Co of Canada has chosen BURROUGHS' B25 microcomputer system to provide on-line processing for its 39 branch offices. The contract, worth £570,000, covers 95 Burroughs B25 modular business systems, which will be linked to a BASF 7/73 (IBM 3083E equivalent) using SNA (IBM's Systems Network Architecture) at Sun Life's British headquarters office near Trafalgar Square, London. Each branch will also be equipped with 10 megabytes of local disk storage, matrix and letter quality printers for reports and word processing. The systems will form the foundation of the company's development of administrative processing from central mainframe to local micro. Sales representatives at the branches will be able to provide instant quotations and policy information.

★

CHARLES WINN (VALVES) of Birmingham (a Delta group subsidiary) has won a contract worth more than £250,000 involving high-performance butterfly valves for Marathon Oil's Brae "B" North Sea platform. The receipt of the Marathon contract follows orders worth more than £200,000 to supply similar fire-save valves for Total Oil's North Alwyn "A" and "B" platforms.

★

Thomas Cook has placed a second order with MICRO SCOPE for an additional 100 Videogate branch controllers, worth over £250,000. Implementing Prestel Gateway X25 protocol, Micro Scope's branch controllers provide access to a range of network services. Each branch controller supports a maximum of 32 ports, although Thomas Cook branches in Berkeley Street, London, as well as those in Manchester and Birmingham, have two branch controllers providing up to 50 ports to coep with the additional demands in those areas.

★

NEIL AND SPENCER has obtained orders to a value in excess of £500,000 for the supply of laundry machinery to a leading Australian linen supply company. The equipment, virtually all of which will be manufactured within the group's UK and Belgian facilities, will be delivered over a period of 18 months.

Company Notices

Public Notices

INVESTIGATION BY THE MONOPOLIES AND MERGERS COMMISSION

PROPOSED ACQUISITION OF MITEL CORPORATION BY BRITISH TELECOMMUNICATIONS PLC

On 24 June 1985 the Secretary of State for Trade and Industry referred to the Monopolies and Mergers Commission for investigation and report under the provision of the Fair Trading Act 1973 the proposed acquisition of Mitel Corporation by British Telecom PLC. The Commission are required to report by 25 December 1985.

Any person or organisation wishing to give information or views on the proposed acquisition should write as soon as possible to:

The Secretary,
Monopolies and Mergers Commission,
New Court,
48 Carey Street,
London WC2A 2JT.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
12	13	14	15	16	17	18

Opera and Ballet

LONDON

Royal Opera, Covent Garden: The closing week of the Royal Opera season contains just two performances – Macbeth, with Bruson and Dimitrova conducted by Edward Downes, and the dim new production of Rossini's Donna del Lago, with Frederica von Stade inadequately equipped (despite lovely moments) for the title role, and Marilyn Horne in blowzy form as the travesty hero.

PARIS

Le Barbier de Seville, conducted by Hans Graf, Almaviva sung by Dano Raffanti/Noel Velsaco, Rosine by Suzanne Mentzer, Figaro by Patrick Raftery and Basilio by Ruggiero Raimondi. Opèra Comique (296 0611)

Robert le Diable alternates with Soirèe de Ballets and with Tosca. Conducted by James Conlon with *Raina Kabaivanska in the title role* and Giacomo Aragall in that of Cavaradossi. Paris Opéra (266 5022).

NETHERLANDS

Amsterdam, Shaffy Theatre (Keizersgracht 324). Solo dance programme by Laurie Booth (Tue to Thur). (23 13 11).

SPAIN

Madrid: Teatro de la Zarzuela. Top Spanish tenor Placido Domingo in Othello, conducted by Luis Antonio Garcia Navarro, artistic director Piero Faggioni (Mon); Placido Domingo will also perform Othello at the Vicente Calderòn football stadium (Thur) (221.65.10)

NEW YORK

New York City Opera (NY State): The Mikado, Carmen, La Rondine, Lucia di Lammermoor and La Cenerentola start the ambitious 20-week repertory of the company's 41st season. Lincoln Center (870 5580)

New York City Ballet (Saratoga): Mixed programmes including Afternoon of a Faun, Firebird and Gershwin Concerto in the company's three-week residence. Saratoga Springs NY (518 587 3330).

WASHINGTON

Kabuki Medea (Terrace): Before the arrival of Grand Kabuki on its American tour, this Japanese version of Euripedes is presented by the American National Theatre and Wisdom Bridge Theatre. Kennedy Center (254 9895).

Exhibitions

SPAIN

Madrid: Palacio de Cristal and Palacio Velazquez, Parque del Retiro: Spanish sculpture 1900-36. Sculpture and drawings by Picasso, Miro and contemporaries. The selection includes two works featured in the 1937 Paris exhibition, at the height of the Spanish Civil War, and now shown in Spain for the first time: Picasso's Femme du Vas and Julio Gonzalez's La Montserrat. Ends July 30. (274 7775).

Santander, Santillana del Mar. The splendour of pre-Colombian culture. Gold exhibits from the Quimbaya Treasure. Fundacion Santillana, Torre de don Borja. Ends Aug 30.

Santander, Paintings and sculpture by modern Spanish artists, Antonio Lopez, Andreu Alfaro, Antonio Saura, Eduardo Chillida. Fundacion Marcelino Botin, Santander. Ends Aug 9.

ITALY

Florence: Museo Archeologico (Piazza SS. Annunziata) – The Etruscan Civilization: This is the first of a long series of exhibitions to mark The Year of the Etruscans, and shows the results of the most recent research into the Etruscan world. A useful history of this civilization's birth, development and decline. Ends Oct 20.

Rome, Palazzo Venezia: Five Centuries of Music Publishing in Europe organized to mark European music year, and the fourth centenary of the founding of the Academy of Saint Cecilia, whose library has provided *the bulk of the fascinating* material. The time span and the number of manuscripts (and painttings) is enormous (roughly one room per century), but a useful shortened route has been provided through a series of attractive arched pavillions, containing the cream of the music publications of each period. Ends July 31.

Rome, Villa la Farnesina (Via della Lungara 230) and Calcografia Nazionale (Via della Stamperia 6), Raphael Invenit: A large collection of prints of exceptional quality by Raphael's followers and admirers, from the earliest, by Marcantonio Raimondi, done in Raphael's workshop, to the late 18th and early 19th centuries. Particularly interesting is the first section (containing mainly 16th century works) in the Villa Farnesina, where one can compare the prints with Raphael's glorious original frescoes in the loggia. The second section, in the Calcografia, contains mainly later prints of the frescoes from the Stanza della Segnature in the Vatican. Ends July 30.

SWITZERLAND

Martigny: Fondation Pierre Gianadda: 250 Klee paintings in the striking modern gallery built over the Roman ruins of the city of Octodurus. Ends Nov 3. (026/2 39 76).

LONDON

The Tate Gallery: Francis Bacon, Britain's greatest living painter accorded the *rare distinction* at the age of 76 of a second full retrospective exhibition at the Tate, 20 years after his reputation as an artist of world standing was first put beyond all doubt. Now we see him no longer as a unique and extraordinary figurative, surrealist expressionist, but as an artist who has come at last into his own, as younger painters have come round again to the human figure as the central, creative preoccupation. As the subject matter is now more acceptable, so his peculiar and tormented re-invention and reconstitution of the figure no longer shocks. Ends Aug 18.

PARIS

Renoir: *An important exhibition of the* most sensuous of the impressionist painters, who never tired of glorifying the nude feminine body capturing the light, comes to Paris from the Hayward Gallery, London. It consists of some 125 paintings and 50 Drawings, including Le Bal du Moulin de la Galette and La Danse à Bougival, Grand Palais, Closed Tue. Ends Sept 2 (261 5410)

Corot to Picasso. The range of French 19th and 20th century masters assembled by the art merchant Robert Schmit comprises an important Degas pastel La Conversation and a Van Gogh, unusual both for technique and the theme of the Seine. On the first floor the sunshine comes in with Vuillard, Bonnard and Dufy. Picasso's Large Buste d'Homme faces an equally large *Braque still life. There is a dream*-like Balthus landscape and a strong blue, red and white one by De Staël. Galerie Schmit, 396 rue Saint-Honore (260 36 36), closed Sun and from 12am–2pm. Ends July 20.

Robert and Sonia Delaunay: for the 100th anniversary of their births, his in Paris and hers in the Ukraine, a retrospective of some 300 objects, paintings, drawings and decorative projects brings to life their joint pictorial adventure. Whether exploring abstract painting or disarticulating Eiffel Tower images, their colours are vibrant, their *joie de vivre* explosive. Musée d'Art Moderne, 11 ave du Président Wilson. Closed Mon, Wed late closing. Ends Sept 8.

Perfume: An enchanting exhibition in praise of perfume assembles 550 objects, mostly phials, bottles and perfume fountains from the 16th to the 19th century. Some were made of Viennese porcelain, others of Bohemian cut glass or from gold and enamel in England. There are silver pomanders with petals opening up and Chelsea china statuettes. They all show exquisite workmanship and some of perfume's power to beguile. Le Louvre des Antiquaires, 2 Place Palais Royal. Ends Sept 15.

WEST GERMANY

Munich, Staatsgalerie moderner Kunst, Prinzregentenstr. 1: German Art since 1960, 200 paintings, prints and drawings by 13 artists from the private collection of the German Prince Franz of Bavaria. Among them: *Beuys, Richter and Kiefer.* Ends Sept 15.

Emden, Ackhuysen-Gesellschaft, Rathaus am Delft: To honour the late Franz Radziwill on the 90th anniversary of his birth. Ends July 28.

Bonn: Rheinisches Landesmuseum, Colmantstr. 14 5300. Fairy-tales, Myths, and Monsters. 43 works by 22 European artists, among them Messager, Paladino, Schmalix, Tafiore and Wawrin. Ends July 28.

Cologne, Schnütgen Museum Cacilenstrasse 29: Gothic Art from Bohemia, 60 masterpieces from between 14th and 16th century on loan from the National Gallery, Prague. Ends July 21.

Düsseldorf, Städtische Kunsthalle Grabbeplatz 4: A retrospective of Rupprecht Geiger with 100 paintings from between 1945 and 1984. Ends July 21.

BRUSSELS

Hotel Metropole is celebrating its 90th year and in its splendid *fin de siècle* public areas, worth a visit in themselves, they are exhibiting glass and objets d'art from the Belle Epoque to Art Nouveau including works by Wouters, Gallé and Daum. Also on show are a collection of illustrated menu cards including a Press Banquet in 1893, Congo in 1898 and Sarah Bernhardt in 1896. Ends July 28.

Opera costumes from 1959 to the present including Zeffirelli's Rigoletto, Bosquet's Traviata and Karl Ernst Herreman's Clemency of Titus. Musée de Costumes et Dentelle. Until November.

Tony Cragg – a major exhibition of one of Britain's contemporary sculptors. Palais des Beaux Arts. Ends July 28.

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoshka, Aldolf Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambitious and only partly successful. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is hinted at but not fully explored. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 Crystal Palace Exhibition to the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

WASHINGTON

National Gallery. Ancient Art of the American Woodland Indians includes 151 pieces covering 3,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends Aug 4.

National Gallery (West Bldg): 36 old master paintings from the Dulwich Picture Gallery are exhibited under the title Collection for a King, including works by Rembrandt, Van Dyck, Canaletto and Gainsborough. Ends Sept 2.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown in the 27 etchings in this special exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

Music

PARIS

Bach, Händel, Telemann chamber music conducted by Jaap Schroeder (Mon 8.30pm). Saint-Severin Church.

One Hour with Mozart by the Crommelynck Duo, piano 4 hands (Tue 6.30pm), La Sorbonne, Amphitheatre Richelieu.

Jean Guillon, Organ Bach. (Wed 8.30pm) Saint-Germain des Pres church.

Medieval Mystery Play La Pierre qui Chante performed by Khoros, S. Malagugini company (Thur 9pm). Saint-Merri Church, Metro Hotel de Ville.

All the above are part of the 20th *Festival Estival de Paris* (354 8496, 562 4080, 11am–7pm, Sundays expected).

NETHERLANDS

Amsterdam, Nieuwe Kerk (Dam Square). Organ recital by Bernard Winsemius (Thur).

SPAIN

Barcelona, Festival Grec 85, Teatro Grec de Montjuic. Piano recital by Antoni Besses: Bach. (Tue).

Granada, Auditorio Manuel de Falla, Tuesday: Spanish Baroque Orchestra conducted by Luis Remartinez, Wednesday: Baroque Camerata of Granada Festival. Homage to Hidalgo and Scarlatti to commemorate their 300th anniversary. (22 52 01).

LONDON

Louis Kentner 80th birthday recital. Beethoven, Liszt and Chopin. Queen Elizabeth Hall (Mon). (928 3191).

Paul Crossley, piano: Scarlatti, Franck and Tippett. Bishopsgate Hall, 230 Bishopsgate EC2. (Mon, 1.05pm). (236 2801).

Aquarius Ensemble conducted by Nicholas Cleobury. Wagner, Spohr, Dallapiccola, Mozart and Holloway. Goldsmiths' Hall, Foster Lane EC2. (Mon). (236 2801).

Peter Frankl, piano, Gyorgy Pauk, violin and Ralph Kirshbaum, cello. *Mozart, Debussy* and Schubert. Ten Trinity Square EC3. (Mon). (236 2801).

Handel's Alcina in the production by The Opera Stage conducted by Richard Hickox including Arleen Auger, Eiddwen Harrhy and Patrizia Kwella. Christ Church, Spitalfields E1. (Mon, Wed and Thur). (236 2801).

Stockholm Sinfonietta conducted by Jukka-Pekka Saraste. Neilsen, Haydn, Lindholm and Dvorak. Baltic Exchange, St. Mary Axe EC3. (Mon). (236 2801).

Paul Crossley, piano: Scarlatti, Berg, Janacek and Tippett. Bishopsgate Hall, Bishopsgate EC2. (Tue 1.05pm). (236 2801).

Mladi Wind Ensemble: Mozart, d'Indy, Gounod, Seiber and Dvorak. Chartered Accountants Hall, Moorgate Place, off Great Swan Alley EC2. (Tue). (236 2801).

Endellion Quartett: Haydn, Smetana and Beethoven. Ten Trinity Square EC3. (Tue). (236 2801)

Music Group of London piano trio. Mozart, Brahms and Ravel. Wigmore Hall (Wed). (935 2141).

Musica Antique Köln: Handel, Scarlatti/Avison, Scarlatti and Bach. Queen Elizabeth Hall (Wed).

Royal Philharmonic Orchestra conducted by Louis Fremaux with Nobuko Imai, violin. Berlioz and Ravel. Barbican Hall (Wed). (638 8891).

Paul Crossley, piano: Scarlatti, Beethoven and Tippett. Bishopsgate Hall, 230 Bishopsgate EC2. (Wed, 1.05pm). *(236 2801).*

Paul Crossley, piano. Brahms and Ravel. Bishopsgate Hall (Thur, 1.05pm).

Orford Quartet: Shostakovich, Ravel and Beethoven. Goldsmith's Hall, Foster Lane EC2 (Thur). (236 2801).

NEW YORK

Mostly Mozart Festival (Avery Fisher): Mozart Festival Orchestra conducted by Gerard Schwarz with Garrick Ohlsson, piano and Dimitry Sitkovetsky, violin. Mozart, Spohr, Beethoven (Mon, Wed): Tokyo String Quartet with Horacio Gutierrez, piano, and Ransom Wilson, flute and tuba: Beethoven, Mozart (Tue); Viva Vivaldi programme of Vivaldi concertos conducted by Alexander Schneider with Christopher Parkening, guitar, and Mozart Festival Orchestra players (Thur). Lincoln Center (874 2424).

CHICAGO

Ravinia Festival (Highland Park): Marathon Beethoven Sonatas with Robert Mann, violin and Stephen Hough, piano (Mon, Wed); Chicago Symphony Orchestra conducted by Franz Allers with soprano Cheryl Parrish. A Viennese Evening including works by Lehar and Strauss (Tue); Chicago Symphony conducted by Adam Fisher with Alexander Toradze, piano. Schubert, Prokofiev, Bartok (Thur). Highland Park (728 4642).

Theatre

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express *(Apollo Victoria)*: Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. *No child is known to have asked for* his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

The Government Inspector (Olivier): *Striking but unfunny revival with* under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with *John Gunter's imposing design of* bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Jumpers (Aldwych): Confident almost *sober revival of Tom Stoppard's glit*tering comedy of love, murder and linguistic mayhem among the logical positivists, with Paul Eddington a more earth bound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

Richard III (Barbican): Last year's Stratford-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (628 8795, credit cards 638 8891).

Pravda (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Waste (Lyric): Deserved transfer to Shaftesbury Avenue for the RSC's fine Harley Granville play about a politician ruined by sex scandal. Daniel Massey and Judi Dench head John Barton's production. (437 3686).

Breaking the Silence *(Mermaid)*: Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568).

The Mysteries (Lyceum): The theatre *of Henry Irving and Joe Loss* restored for theatrical performance after 40 years. Bill Bryden's NT production in three parts is not to be missed, one of the great events of recent years. All three shows played on Saturdays for this limited run. (379 3055).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix *of memories* and *jokes focuses* on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's touching and funny recollections as a drag queen add up to the best histrionic Sarah Bernhardt role on Broadway today. (944 9450).

WASHINGTON

Count of Monte Cristo (Eisenhower): *The second production of Peter Sellars' new American National Theatre company is the James O'Neill* version of this swashbuckler. (254 3670).

Cinema/Nigel Andrews

Of Men, Machinery and Motherhood

The Princess directed by Pal Erdoss

Return to Oz directed by Walter Murch

Careful, He Might Hear You directed by Carl Schulz

Berry Gordy's The Last Dragon

Even in the age of feminism, when women are learning to kick back as good as they are kicked, many films still revolve around that timeless icon, the persecuted damsel. The title heroine of Hungary's superb *The Princess*, written by Istvan Kardos and directed by Pal Erdoss, is a 16-year-old girl (Erika Ozsda) catapulted into big city life. Here she learns the horrors of Men (she's dumped by one, raped by two more and breaks her engagement to a fourth), Machinery (the grinding tedium of textile factory work), and Unmarried Motherhood (she aborts a baby and then adopts a friend's only for the friend to snatch it back and leave her desolate with grief).

Erika Ozsda—ramshackle radiance

This tale of adolescent disaster is shot in the most blizzardy black-and-white I have seen and seems at first like just another crudely cautionary fable of innocence deflowered. But it has compassionate credibility and freshness of vision that keep rushing in to rescue it like a dog with a brandy barrel.

Erika Ozsda's beautiful ramshackle radiance—two sullenly defiant lips, two plum-deep eyes and a tousled sea of hair—rout our sense of *déjà vu* early on. And director Erdoss goes on to capture the casual anarchy of teenage emotions: as desires blow hot and cold, and dreams spring up and die and spring up again almost overnight.

He also captures the plaintive, battered comedy of parents who do not understand their children's feelings (even though they felt exactly the same things themselves 30 years before). He can sketch with poison-tip pen the chill, courteous terror of an abortion clinic. And he can smack us with scenes of beautiful ambiguity, when *we* have to decide which way the film's subtle emotional breezes are blowing. It is a human comedy richly human and comic, and richly touching. And Ozsda's performance is magical.

*

From the wizardry of Ozsda to the unwizardry of the new Oz. Forty-six years after Judy Garland frisked and carolled through Frank L. Baum's wonderland, Disney have sent a manned movie mission thither and found depressingly few signs of life.

At first the devastated look of the place — revisited by Dorothy (Fairuza Balk) on escape from electric shock therapy on Earth (!) — seems crafty and original. The Yellow Brick Road lies in jaundiced disrepair, resembling a bad stretch of the M1. And in the Emerald City there has clearly been a freeze on infrastructure spending, causing cracked pavements, fallen pillars and petrified citizens. (Even the Cowardly Lion and his chums are turned to stone.)

So far, so witty and subversive. But when the film tries to bounce back into children's-movie life from all this sly wreckage, it doesn't begin to capture that first MGM rapture. As Dorothy musters new friends to fight the tyranny of bad egg Nicol Williamson (a talking rockface) and badder egg Jean Marsh (who has 100 changeable heads in glass cases), Garland memories gang up on her and at least two of the new friends look merely like the old friends with a different label. Jack Pumpkinhead is a gangling stick-person à la Scarecrow, Tik Tok a squat, portly, Blimpish version of the Tin Man. The third of Dorothy's aides, the "Gump," has a cheerfully batty novelty—he's a flying sofa with parm-frond wings and moose-trophy head—but he spends too much of the movie falling apart and not enough coming together.

Dorothy (Fairuza Balk) and friends from Oz

Fairuza Balk starts out a brave, pert heroine, trying to imprint on filmgoers' memories a name that sounds more like a ferocious obstacle at Aintree. But without Garland's charisma or Garland's tunes (this movie is songless) she ends up a bewildered tot in a Hiroshima of modelwork and special effects. Walter Murch is the film's debut-making director, his past pedigree as Hollywood's top sound supervisor (*The Conversation*, *Apocalypse Now*) showing in some fine, hydra-headed aural effects. (Listen to the sinister rustle of Marsh's skirt and squeak of a hospital trolley.) But the normally dazzling photographer David Watkin shoots the film in pasty, overcast colours, as if this return to Oz was strictly off-season like a visit to Brighton in November.

*

Careful, He Might Hear You is one of those lavishly styled period Australian films (time, 1930s) where the Past seems not so much a foreign country as a different planet. The air is mysteriously golden in hue, sighing violins infect the ether, and the flower of the Australian acting industry moonwalk with high style and buoyant elegance as if short of gravity.

Chief moonwalker here is Wendy Hughes as snooty Cousin Vanessa, who appropriates our six-year-old orphan hero "PS" (Nicholas Gledhill, last seen as the young Douglas Jardine in Bodyline) from humble cousin Lila (Robyn Nevin) in a custody battle and treats him to large helpings of gracious living and high society. Of course PS cannot stand all the piano lessons and good food and walnut furniture and wants to go back to the simple life. But we, the audience, certainly do not, and we win custody of the movie.

Directed by Carl Schulz, the film is insubstantial and sentimental: but it certainly is decorative. And it contains my favourite line in all Australian cinema: haughty Vanessa to over-assertive conjuror at a children's party: "I'm not interested in your opinion. Just pull a rabbit out of a hat." Not even Lady Bracknell surpassed that.

*

Last and least, *Berry Gordy's The Last Dragon* wins the 1985 award for clumsiest film title of the year. That title presents us with two opaque riddles before we have even begun. Who is Berry Gordy? Answer, founder of the Motown music empire. And who or what is the last dragon? Answer, one does not know even after seeing the film.

Is it perchance the young martial artist (Taimak) who vows to rescue a beautiful kidnapped rock singer (Vanity) from the clutch of an evil impressario (Chris Murney)? Or is it the hairy, Rastafarian-style hit man he must conquer in the process (Julius J. Carry III)? Either way it is a long time between opening and closing time in this film: with little for your comfort but flailing fists, simpering heroine and *fumetti* dialogue and sound effects strictly in the "Ooh aah kthunk splat" vein.

Cécile Ousset/Guildhall

Dominic Gill

On her most commanding form, Cécile Ousset is a very grand pianist indeed. Some acoustics show off her qualities better than others: from my seat on Wednesday night at the very back of the Guildhall's Old Library her playing sounded distant and boxed-in; but it was not difficult to imagine the fiery impact it could have had in another place.

She framed her programme with the second book of Debussy's Preludes and a grand and broadly lyrical account of Beethoven's most deceptive and enigmatic sonata, op 109 in E. It was for a change not too intense and self-conscious a search for Beethovenian "meaning," but a free-flowing and *instinctive exposition*. Miss Ousset was content to let the music emerge simply, without apparent artifice, from a scrupulously attentive reading of the score. That should not be as remarkable as it is: but altogether too many pianists, especially in late Beethoven sonatas, miss the import of a *musical idea by ignoring a precise* indication that is staring them in the face.

Her Chopin C sharp minor Scherzo was big guns: big octaves, splendidly clean-cut, a fast tempo that never tumbled over itself, incisive, alive with energy. I should have loved to hear her Chopin Polonaise-Fantasie in a more intimate setting: for she caught, even heard as it was on this occasion through the wrong end of an aural telescope, all of its impetuousness and vivid harmonic colouring, as well as its strangeness, the *sudden chills and harmonic* shadows. The dramatic pacing was faultless, and the coda emerged from its labyrinth in glittering triumph.

Athalia/Sheldonian, Oxford

Max Loppert

The "Handel in Oxford" Festival that is this week unfolding in Oxford's halls and churches is designed to follow a famous precedent. In 1733, when Handel's operatic fortunes were at their lowest ebb, he was invited to Oxford to receive an honorary degree. *To mark the event, a week of* Handel concerts was organised, the climax of which came with the first performance of the oratorio *Athalia*, written expressly for the occasion.

Wednesday's Athalia in the Sheldonian Theatre was, therefore, timed to recall the anniversary of the work's first performance. There is nothing inherently remarkable in the exact reproduction of milestones of this kind. Yet the occasion was special, because it produced an exciting account of a thrilling masterpiece—"the first great English oratorio," Dean *quite rightly* calls it, a work whose roots in the Racine play and in the Handel opera join to create something new and unprecedented in musical history. One felt that all the performers —*the Academy of Ancient* Music and the Choir of New College, conducted by Christopher Hogwod—had been inspired by the conjunction of time, place, and music to give beyond their normal capa*cities*.

The dramatic vitality of *Athalia* hits the listener from the start, and keeps up to the very end. Humphreys, the lib*rettist, may have exchanged* Racine's calm, perfectly ordered phrases for some rather dim rhyming jingles, but at least he retained the strong situations, and Handel rose to them with feverish appetite. Time and again one feels the musical dramatist cutting across conventional expectation to pierce to the core of scene and character. The good people are not plaster figurines, and the bad vibrate with complex resonance —of the latter the soprano title role, short in length but profound in impact, is one of Handel's *great examples*. The sheer mastery of the score—its rhythmic variety, economy of instrumental colour, dramatic short-circuiting of aria forms—is astonishing.

The Athalia, Margaret Cable, provided one of the evening's memorable features: stepping into the role at a very late stage, and not ideally suited to its tessitura, she delivered all her music with dark, proud conviction, shaping keen phrases, making much of *the words*. The other soloists, all very sound—James Bowman, Anthony Rolfe Johnson, David Thomas—were rather generalised by comparison: Emma Kirkby as the noble Josabeth sang surely and accurately in a rather simperingly sweet manner. The choir was *stronger* on tone than words; in a hall of suitable size Mr Hogwood's command of all his forces seemed more certain than it has been elsewhere in the recent past.

A Radio 3 recording of the concert is scheduled for broadcast in the autumn.

The Philanthropist/Chichester

Michael Coveney

It is curious to see Christopher Hampton's 1970 "bourgeois comedy" revived at the Chichester Festival Theatre, Edward Fox in the Alec McCowen role of Philip, the dithering philologist given to anagrams and misunderstandings in a booklined college retreat. Philip's academic chum Donald is trying to steer him *from Celia towards Liz, a tactic* with a finally cruel comic upshot. The two friends are first discovered in a famous opening scene in which a desperate student is outlining a terrible play he has written.

The echoes of Moliere has now been overtaken by premonitions of Simon Gray's *Butley* and David Hare's *Wetherby*; the first was the archetypal literate commercial comedy of the 1970s, the second a brilliant filmic elaboration of Hampton's Violence and dinner party juxtaposition. But *The Philanthropist* still glitters precocious and technically efficient even if Patrick Garland's production is not going to survive comparison with the original.

This, after all, is the play where a smug popular novelist suggests that masturbation is the thinking man's television—Jeremy Sinden's youthful pugginess and matching pink tie and socks are merely vulgar where Charles Gray was authoritively and stylishly grotesque; where the hero declares he is a man of no convictions ... or at least, thinks he is (Tom Stoppard's favourite line in contemporary drama); and where an anagramatical enthusiasm is summed up in *the concluding* example of "imagine the theatre as real dissolving into "I hate thee, sterile anagram."

Where as Moliere's Alceste upsets everyone by telling the truth, Hampton's Philip exacerbates them, by being impossibly polite. The point is that the verbal swordplay, brilliant and entertaining in itself, is a way of avoiding what the desperate student might consider to be the real issues. We hear of a mass assassination of the Tory front bench by a lunatic fearful of a slide to the left (awkwardly prophetic passage that) of a bed ridden student, who set fire to his books on discovering that Wordsworth was "irrelevant shit" and of a plot to exterminate the nation's 25 leading writers, a list from which Sinden's Braham to his considerable annoyance has *been omitted*.

Edward Fox as Philip and, surprise, surprise, John Wells as Don square up to each other like a couple of heavily-sedated piranhas—all teeth and jaw, but very little bite. Interestingly, these actors seem not in the conventional sense to be acting at all. Wells has to put it mildly, a confined comic tech*nique but he knows a good line* when he sniffs one, even if you feel he might prefer to write in a few of his own for good measure. But he conveys well that idea in the academic sinecure *of easeful sloth* in card-indexed seminars and random sex.

Alastair Muir

Edward Fox and Celia Imrie

Edward Fox is an intriguing stage actor, as performances in T. S. Eliot and Simon Gray have proved, but those achievements are not quite matched by this odd and nervously grimacing display. He slows down the lines and sets about creating a painful egotistical sub-text of helples impotence. He scores laughs when besieged by the scarlet, casual Araminta of Celia Imrie but stalls to an embarrassing halt opposite the unfortunately flailing postgraduate Celia of Laura Davenport.

His enunciation is both drawled and imprecise, a strange extension of his hand drawn hopefully through his rumpled golden-grey locks while the audience is fixed with a doubled-glazed stare that might or might not bargain a laugh out of them. This bartering is conducted on a haphazard basis so that when a prop or a line is fluffed or a wobbling table fitfully negotiated by his questing rump any garnered laughter is accepted as welcome and legitimate. This is not the basis on which to conduct a serious comic performance.

The extended dialogues do not crackle as they should because the temperamental imbalance between Celia and Philip is not right. Alan Tagg's end-stage design creates problems for the long sedentary dinner scene, where the wordless presence of Janet Behan's Liz goes for much less than it should.

A State of Affairs/Duchess

Martin Hoyle

Graham Swannell's quartet of plays that looks beadily, not to *say* fastidiously, at marriage and then passes on with a wry *moue* has arrived in the West End from Hammersmith's Lyric Studio.

The first recalls the Visconti episode in the Italian portmanteau movie *Boccaccio 70*. A husband's jaded sexual appetite is listlessly whetted only when his wife resorts to role-playing in underwear and high-heeled boots. The second recounts the disruption *of an* afternoon adultery (an excellently grubby hotel room set from Tim Bickerton) when the mistress falls in love and reveals all to the wronged spouses. The theme is echoed in the third episode, set in a pub forecourt. Allen has confided a momentary infidelity to his wife. Instead of the hoped-for respect, he has been thrown out. Two beery mates leeringly condole before picking up a couple of sunbathers and leaving Allen to mope into his Scotch.

The final playlet presents us with the Moreton's Fork of marriage. On the one hand bickering domesticity in the half-decorated kitchen ("I'll get round to it," he snarls defensively, one feels for the nth time), exhausted by the demands of child-rearing and wistfully fantasising about one's friends "having fun;" on the *other, the envied friends them*selves, the wife shattered by her husband's departure with the children's nanny.

The message seems to be you can't win—especially with men who, whether well-meaning, self-indulgent or simply weak, leave the women to carry an eternal can.

Gary Bond, sole survivor of the Hammersmith cast, gives four highly-accomplished comic performances. Particularly funny as an adulterous slob incredulous that a woman could actually love him, he is no less true as heartbroken husband or harrassed parent. Amanda Redman is succeeded by Nichola McAuliffe. *That Grecain profile* lends itself to the sated sensuality of one of the less temperate Roman empresses or the undefined longings (as the exhausted housewife, eyes black-ringed) *of the* giant panda.

Peter James directs these enjoyable sallies into the sex war, sometimes tentative, sometimes bang on target. The war has no victors but plenty of losers, as the final play indicates. Possibly the best, its comedy free of gags but inherent in the young couple's *desperate enchainment in the* domestic, it sums up marriage in the husband's complaint: "Nothing ever happens. . . Something is missing. This can't be it."

Saleroom/Antony Thorncroft

Record for gold item

A gold font, commissioned in 1797 by the Duke of Portland *from Paul Storr, sold at* Christie's yesterday for £950,400, close to the tentative high forecast: such a unique item was almost impossible to value.

It was bought by the dealer Armitage. The font was used for the christening of the Duke's grandson and remained in the family at Welbeck Abbey. It is small but exquisitely carved with the figures of Faith, Hope and Charity surrounding it. The seller was Lady Anne Bentinck. It is unlikely that such an important piece of the national heritage will be permitted to go *abroad*.

The price was an auction record for an item of gold, but this is considered to be the finest work by a native goldsmith to appear on the market *this century. Objects made of* gold rarely appear in the saleroom, but in the same auction, which totalled £1,719,533 with only 4 per cent unsold, a rare William and Mary rat-tailed spoon and *fork made of gold*, by William Mathew in 1689, was also offered, making £51,840 to Spink, the London dealer.

In fact the sale was dominated by London dealers. Four William IV two-handled vase-shaped wine collers by Paul Storr, 1834, went for £81,000 while the dealer Koopman paid £56,160 for a set of four George II candlesticks, made in 1757 by Edward Wakelin (top estimate £15,000). How of Edinburgh paid £36,720 for a pair of George II *butter shells by the other great* name among silversmiths, Paul de Lamerie, and Armitage acquired two George II oval meat dish covers for £34,560, six times the estimate.

A record price for a watercolour by Gainsborough, £46,200, was paid by the London dealer Morton Moris at Sotheby's auction of English watercolours. It was a tiny sketch of a wooded landscape. The sale totalled £374,814, but 26 per cent was bought in, mainly because two Turner watercolours failed to find buyers.

An attractive work by Samuel Palmer, "A piper, shepherd boy and cattle at sunset," dated to around 1862, made £44,000 while a view by Turner of the Abbey of Bingen, looking towards the Bridge of Drusus, found a buyer at £26,400. It was painted during his tour of the Rhine in 1817. A portrait by Lawrence of Countess, Czernin, probably drawn in Vienna in 1819, sold for £23,100, comfortably above forecast.

Arts news in brief

Opera 80 will take two new productions on tour this autumn, starting in Darlington on November 4, and ending in Street at the beginning of March.

Don Giovanni will be conducted by Opera 80's Music Director David Parry in his new translation of Mozart's opera, and *The Rake's Progress*, conducted by Stephen Barlow and directed by Richard Jones. Both productions will be designed by Tom Cairns.

*

The Arts Council is awarding grants and bursaries of almost £24,000 to Michael Clark, Paul Clayden, Sitakumari, Nelson Fernandez, Lloyd Newson and the Theatre de Complicite.

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Catching up in Europe

DURING the past four weeks, the Financial Times has sought in a series of articles to look beyond the recent pessimism which has hung over Europe and to analyse its performance and prospects in a number of important sectors.

The picture which has emerged is by no means all bleak. It is far less grim than Europe's harshest critics would allow, particularly when measured against the U.S., where many industries are starting to exhibit problems as the high tide of economic recovery recedes.

Europe remains competitive in many manufacturing industries which are mainstays of its prosperity. Companies which really understand their business, pay close attention to customers' needs and take a genuinely international approach to markets have survived profitably against the toughest U.S. and Japanese competition.

But Europe's strengths are predominantly in areas where it has long been strong. Companies which have achieved world-class positions have often built on foundations laid decades ago. Those which have adapted best to the new technologies have often done so from old-established business bases.

Stimulation

Europe has performed much less well in exploiting the new, the unfamiliar and the unpredictable. It is not just that it has lagged in growth industries such as computers and semi-conductors, It has also often been slow to latch onto the wider opportunities offered by the new technologies to create new types of activity and to do existing ones differently.

In the U.S., where barriers between established industries are crashing under the impact of technological change, and increasingly in Japan, such opportunities are embraced exuberantly. In Europe, they are often shied away from as threats or regulated almost out of existence.

Economic systems which prize security above risk, status above performance, are vulnerable. Today's technological innovations are tomorrow's competitive survival kit. Too heavy a dependence on established companies and industries is a dangerous gamble when attacks from Japan and elsewhere on so many of Europe's traditional markets are bound to intensify.

Europe needs a more invigorating climate which will stimulate existing industries to deploy their resources more productiviely and enable new ones to flourish. Economic revitalisation does not just mean more small companies; it means giving them the incentive and escape to grow big fast.

These goals are unlikely to be achieved by the artificial construction, whether at a national or a European level, of state-backed industrial "champions." Not only have such ventures proved disappointing in the past; they also divert resources from other competitors, particularly smaller ones.

Nor should too much store be set by publicly-funded prestige projects, intended to give European industry a leg up on international competition. Joint programmes such as the EEC's Esprit have a role to play. But they are no substitute for commercial pressures as a stimulus to cross-border cooperation.

Much has been done in the past few years to improve the availability of financing for small and medium-sized businesses. What companies of all sizes need now is bigger markets, free of the byzantine regulations and entrenched commercial interests which keep the EEC fragmented.

The European Commission's proposals for opening the internal market point in the right direction. Action is needed, too, to loosen the grip of national telecommunications monopolies, which lie beyond the reach of EEC competition laws, and to curb begger-my-neighbour subsidies for inward investment. Ultimately, these amount to a zero-sum game, where the only winners are non-European companies.

Tht is, admittedly, a formidable agenda for a Community where decision-making appears to be getting ever harder. But governments should not make delays in Brussels an excuse for avoiding changes in national policies which will, in any case, be needed to complement action at the EEC level. The UK has already made a commendable start by deregulating its telecommunications and financial services industries.

However, there is a limit to how far individual governments can go on their own. The UK's efforts to promote internal competition have already begun to bump up against constraints imposed by the size of its national market.

Even more important, many of the biggest obstacles to intra-EEC trade, such as national procurement and fiscal policies, have overtly political dimensions, Real progress towards a freer and more competitive European market will inevitably entail more than just down-to-earth practical measures; it will require movement on the political level.

Careful timing will also be critical. If Europe's markets are opened too quickly, there is a risk that companies long organised on a purely national basis will be swept aside by stronger American and Japanese competitors. Too slowly, and companies may lose the incentive to adjust.

It is essential to avoid recreating at a European level the same trade barriers which exist today at a national level. The last thing the EEC needs is to erect a new protectionist wall which would invite international retaliation and deprive its industries of the competitive stimulus needed to be efficient.

In any case, it is no longer practical to try to create world-class industries solely on the basis of European markets, even if all internal barriers were removed. In many sectors, the economies of scale required can only be obtained by attacking all major international markets more or less simultaneously.

Symbolic move on interest rates

THE GOVERNMENT'S decision yesterday to signal a small cut in UK interest rates was welcome and timely, even if the ambiguous way selected by the Bank of England to make its point in the money markets caused a certain amount of irritation among the clearing banks. Of course, the ½ percentage point reduction in bank base rates which is expected to follow the Bank's cut in dealing rates, will provide no dramatic economic stimulus of the kind demanded by leaders of the Confederation of British Industry. The symbolism of the Bank's action is nonetheless important

The most important message conveyed by yesterday's action is that the Government has not simply forgotten the lessons of 1979-80, when sterling was permitted—and sometimes even encouraged—to rise unchecked to levels which did serious damage to many parts of Britain's industry. The Chancellor may be unwilling to give the CBI the easy option of a substantially lower exchange rate, particularly before the industrialists show evidence of a more robust attitude to the coming pay round; but the Treasury team does seem to understand better than it did in 1980 that a grossly overvalued currency can be a very dangerous weapon

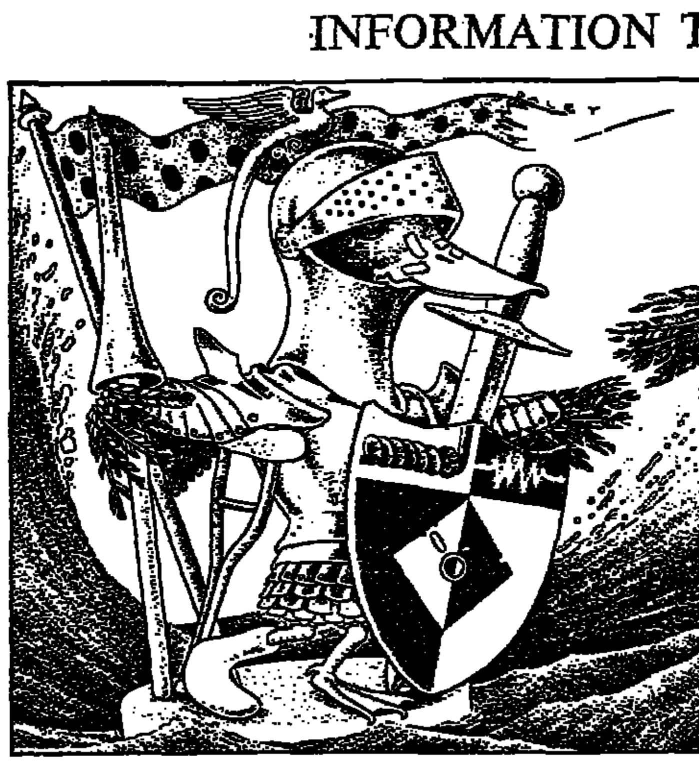
On a second, more technical, matter — the relationship between monetary targets, exchange rates and interest rate policy—the authorities do not yet speak with a single voice, but the markets are bound to read a message of some kind into yesterday's action. Coming only two days after Tuesday's bad money supply figures, a cut in interest rates cannot but be seen as the latest step in the progressive demotion of sterling M3 as a monetary indicator.

In recent months the Treasury has made no secret of its growing disillusionment with sterling M3 and its preference for M0, the narrowest definition of money supply. The Bank's respect for sterling M3, on the other hand, has waxed in inverse proportion to the Treasury's waning enthusiasm—partly because the Bank has always felt even less comfortable with any form of monetarism expressed in terms of narrow concepts like M0 or monetary base, than with broad money targeting.

Not surprisingly the markets have responded to all these mixed signals with a mixture of scepticism and confusion. In particular, investors have refused to be weaned away from their traditional preoccupation with erratic monthly sterling M3 figures. The markets have been waiting for the Chancellor to put his money where his mouth was and cut interest rates in defiance of a bearish signal from sterling M3.

This the authorities have now done, however gingerly. There is still a long way to go before monetary policy is reconstructed on a stable and comprehensible basis, giving appropriate weight to the exchange rate as well as to money supply figures. But it is a step in the right direction.

INFORMATION TECHNOLOGY



WORLD'S LARGEST COMPUTER MANUFACTURERS

1984 Rank	Company	1984 total revenue ($bn)	1984 Computer revenue ($bn)
1	IBM (U.S.)	45.9	44.3
2	Digital Equipment Corp. (U.S.)	6.2	6.2
3	Burroughs Corp. (U.S.)	4.9	4.5
4	Control Data Corp. (U.S.)	5.0	3.7
5	NCR Corp. (U.S.)	4.0	3.7
6	Fujitsu Ltd. (Japan)	6.5	3.5
7	Sperry Corp. (U.S.)	5.4	3.4
8	Hewlett-Packard Co. (U.S.)	6.3	3.4
9	NEC Corp. (Japan)	7.6	2.8
10	Siemens AG (W. Germany)	16.8	2.8

Source: Datamation

WORLD'S TOP 10 TELECOMMUNICATIONS MANUFACTURERS

Rank	Company	Headquarters	1983 telecom equipment sales ($bn)
1	AT & T Technologies	U.S.	11.16
2	ITT	U.S.	4.86
3	Siemens	W. Germany	4.49
4	L. M. Ericsson	Sweden	3.16
5	Alcatel-Thomson	France	2.74
6	Northern Telecom	Canada	2.64
7	NEC	Japan	2.41
8	GTE	U.S.	2.38
9	Motorola	U.S.	2.31
10	IBM*	U.S.	1.73

* Excluding Rolm.

Source: Arthur D. Little

Looking for strength to jump over the barriers

By Guy de Jonquieres

AS WESTERN Europe's computer and telecommunications companies strugle to stay afloat in increasingly turbulent and fiercely competitive world markets, they are beginning to reach out to each other in search of a lifeline.

Last year saw a record increase in commercial and technical co-operation agreements between European electronics companies, according to Reseau, an Italian market research firm, though they were still outnumbered by European link-ups with American and Japanese partners.

U.S. plans to spend $26bn on advanced research for the Strategic Defence Initiative have injected additional impetus. Two weeks ago, EEC leaders endorsed France's proposal for a parallel European project, Eureka. It has yet to be defined in detail and would be on top of Esprit, the existing $750m joint EEC research programme in information technology.

"Collaboration is a magic word in Europe today," says Mr Jacques Stern, chairman of Bull, the French state-owned computer group. But though he supports efforts to club together he, like some others in the industry, is cautious about how quickly they will bear fruit.

Balkanisation of Europe's information technology markets, due to preferential government procurement and maintenance of strict national telecommunications monopolies, has long been blamed for handicapping its industries by denying them the economies of scale available to U.S. and Japanese competitors.

But recently, some industrialists have begun to perceive another set of problems — in the companies themselves. "Business and governments alike have been too ready to find scapegoats," says Mr Robb Wilmot, chairman of the British computer company ICL. "We conveniently blame the fragmented market. But this isn't a problem for Japan or America — it's just that we are too weak to jump over the barriers."

Dr Carlo de Benedetti, chairman of Italy's Olivetti, says too many managements are seeking "alibis" for their own failure to think big and take risks. "It's easy for companies to say they can't go into international markets because they don't have a large home market," says Dr Gordon Edge of the Pactel consultancy. "But I really think that is only an excuse."

On this view, the competitive position of many European companies is so weak that they would risk being elbowed aside by U.S. and Japanese groups if European markets were suddenly opened up.

Part of the blame lies with government feather - bedding over the years, intended to breed "national champions" in computing and telecommunications. Too often it has produced lame ducks which rarely ventured successfully outside their home markets and have sometimes come badly unstuck once they were exposed to open competition.

Europe's three "national champion" mainframe computer manufacturers—ICL, Bull and Siemens of West Germany—all have less than 2 per cent of the world market. IBM of the U.S. has about 70 per cent and out-sells its European rivals even on their home turf. By contrast, companies with entrepreneurial managements such as Olivetti, Nixdorf of West Germany and Norway's Norsk Data have grown profitably with little or no government support.

Olivetti is the only European company to have made an international impact in business personal computers. But it still accounted for a mere 5 per cent of European sales totalling $3bn last year, according to IDC Europa, and trailed fourth behind IBM, Apple and Commodore, all of the U.S., which

together captured 46 per cent of the European market.

In telecommunications, closed national markets have encouraged massive duplication, particularly in digital public exchanges. Ten companies are involved in making such exchanges in Europe, each developed at a cost of $500m to $1bn. Technical standards for terminal equipment also differ widely, and products approved for use in one country are often illegal in others.

In software, supposedly a European strength, its companies have been losing market share to U.S. rivals. Unlike the U.S. industry, they have largely neglected the mass market for "package" software in favour of "bespoke" programmes for large customers. By some estimates, a fifth of Europe's software writers are involved in digital exchange development.

National monopolies (PTTs) buy about three-quarters of the EEC's $10bn annual output of telecommunications equipment. Critics argue that tied purchases on such a large scale, usually from a small group of favoured local manufacturers, have made suppliers myopic and parochial by encouraging them to design products to satisfy PTT engineers, not market needs.

Indeed, staying close to the customer—unless he happens to be part of a national government—has been a low priority for much of Europe's electronics industry. "Many companies are more concerned with technology than with their customers," says Mr Klaus Luft, Nixdorf's deputy chairman. "Marketing has been under-developed," says Dr Hans Gissel, technical director of AEG of West Germany. "After the war, there was tremendous demand, you could sell everything you made. But all that has changed now."

AEG learned the hard way. A financial crisis three years ago forced it to restructure its operations, shedding its Telefunken consumer electronics subsidiary and ceding control over its private telecommunications business. Since then, it has sought to identify selected areas where it enjoys comparative advantage and to give more emphasis to marketing.

More recently, poorer telecommunications profits at Britain's GEC, Plessey and STC have underlined the vulnerability of companies which have long depended on protected orders for much of their business. Since the UK market was liberalised in 1981, British Telecom has turned from a near-captive customer into an increasingly aggressive competitor.

Though no other country has yet changed its policy as radically as the UK, many European electronics companies are finding their home markets too narrow to support mounting development costs. Many are seeking to diversify their product ranges and markets, particularly in the U.S. Only Philips of the Netherlands already has a big U.S. presence, though mainly in consumer electronics and lighting.

But even the most enterprising are finding the management challenges tough. Sweden's L. M. Ericsson has yet to win a big U.S. order for its telephone exchanges, which have been sold in some 70 countries. It also lost money last year in office automation, a business in which it has invested heavily in the past five years.

Though Olivetti is selling its personal computers to American Telephone & Telegraph and Xerox, its own U.S. operations have consistently lost money. "We did not understand that the size of the U.S. market creates its own problems," says Dr de Benedetti. "For us, France and West Germany are big markets. The U.S. is an altogether different order of magnitude."

Some observers doubt that Eureka will do much to sharpen European industry's competitive edge if it turns out to be little more than another way of pumping public money into large electronics groups. Not only would that further underpin their reliance on subsidies but could also skew the competitive odds still further against smaller companies left out of the programme.

Government contracts, particularly for defence work, are fought over just as eagerly in the U.S. But America's highly-developed venture capital system ensures that entrepreneurial new firms spring up and often grow big by exploiting technology which established groups cannot or will not put into commercial products.

In Europe, the industry structure is much more rigid—unlike the U.S., there have been few changes in its top 20 or so electronics companies for decades. Though Esprit has encouraged more cross-border contacts between researchers in universities and industry, it has done little to loosen things up further downstream.

Separately, ICL, Bull and Siemens have formed a joint laboratory to do research in advanced computer intelligence, while Alcatel-Thomson of France, Italtel of Italy, Plessey and Siemens aim to cut costs by collaborating on development of telecommunications chips.

Most leading European electronics companies and many governments are also supporting work on independent, internationally agreed "open systems" (OSI) standards, designed to allow different manufacturers' products to communicate freely across telecommunications networks.

Their efforts, which are backed by some U.S. computer companies, reflect fears that as data communications grows, IBM may succeed in extending to telecommunications the dominance which its technical standards already exert in the world of computers.

But European companies which have tried to take co-operation further have run into obstacles. Before ICL linked up with Japan's Fujitsu and Philips and Olivetti both did deals with AT & T, all sought European partners but say they could find no basis for agreement.

One problem is lack of complementary products and technology. At the insistence of governments, many of Europe's "national champion" companies have long pursued parallel product strategies designed to cover the whole market.

Europe's trade barriers have limited direct competition betwen them largely to third markets, where many have been supported by export subsidies. As a result, they have felt little pressure in the past to differentiate their product ranges. Some have recently started to do so, notably ICL and Bull, which were forced by financial crises to re-think their strategies.

Furthermore, however loudly they may deplore other countries' trade barriers, companies invariably baulk at surrendering privileged positions at home. So far, co-operation between European electronics companies only seem to work when nobody has to make any real sacrifices.

Defence of vested interests can be as stubborn within countries as between them. Nixdorf blaems recent delays in official approval for its new digital private exchange on spoiling tactics by German telecommunications manufacturers led by Siemens, which had no comparable products to offer.

Mrs Marisa Bellisario, who has restored Italtel to profit since becoming its president four years ago, thinks technological change will reshape Europe's electronics industry. She argues that new techniques for writing software—which accounts for an increasingly large share of the cost of electronics products—will enable work to be shared out among a much wider range of companies.

That could introduce more flexibility into the structure of Europe's industry. But on its own, it would be unlikely to solve today's problem of excess capacity divided between too many old established companies lacking the scale to compete profitably on world markets.

Philips, STC, Thomson of France and Hasler of Switzerland have all bowed to mounting pressures by abandoning proprietary digital telephone exchange development programmes since 1982. Philips and Thomson have also acquired many of their competitors in consumer electronics. Many industry experts expect the shake-out to continue and spread to other sectors of the electronics industry in the next few years.

The pace of rationalisation may depend, though, on political as much as on commercial factors. Both France and Britain have in the rectn past stepped in with public support for threatened "national champions" rather than allow them to collapse or fall into the hands of foreign predators.

They have justified these actions on the grounds that information technology industries are strategic assets, vital to economic survival. Experience suggests, though, that when "strategic" considerations take precedence over commercial logic, companies which should be creating wealth can often end up costing the rest of their national economies money.

This is thelast of a series. Previous articles appeared on June 17, 19, 21, 24, 26, 28 and July 1, 3, 5 and 8. A booklet containing all the articles in this series will be available shortly from the publicity department.

Men and Matters

The men from the majors

The fact that both Charterhouse Petroleum and Saxon Oil, which now want to merge, have thrived as British independent oil and gas companies during their five-year lives has much to do with the qualities and backgrounds of the two oil men who direct them.

Tony Craven Walker, aged 42, managing director of Charterhouse, and John Heaney, aged 53, managing director of Saxon, both learned their trade with the majors working on the international oil scene.

Craven Walker, a Cambridge graduate, worked for BP for eight years as a petroleum engineer in Libya, North America, and Abu Dhabi, before returning to Britain to be project coordinator for BP's Forties field. He went to the Charterhouse Group 11 years ago to look after its fledgling oil interests.

By 1980 he was able to organise the flotation of the separate oil company with a staff of just 7. It now employs 120 and had a turnover of £83m last year.

Craven Walker serves on Brindex, the independent offshore operators committee, with Heaney and the two men have known each other for some years.

Heaney, also a Cambridge graduate, joined Shell in 1956 and, during a long career with the group, learned Dutch while drilling (unsuccessfully) in Holland, and found gas in Bangladesh. By 1972 he also was back in London involved in the early North Sea work with Brent field.

Heaney left Shell in 1979 to restore the fortunes of his family's ailing fruit farm in Colchester. Within a year the lure of oil was too strong and he had started Saxon in one of the farm's outbuildings. Its headquarters is still in Colchester and the UK operations of the merged firm are to be run from there.

Saxon has built up a portfolio of exploration acreage in Britain, Holland and France and made its name with the discovery of the Miller Field in the North Sea.

This merger of two young but strong independents could be just the first in a series of fashionable marriages as Britain's independent oil companies conclude there are virtues in setting up house with one another.

Market watchers almost all missed a broad hint of the way things were about to go—given by Walker this week at a Financial Times seminar in London. He virtually ruled out a number of "hostile take-overs at massive premiums to the market" saying the "more astute players in the oil game" saw the need to work with, rather than against, each other.

He went on, "Rationalisation of the industry in the UK will certainly occur, but will do so through the formation of agreed groupings . . . without disruption of the motivating forces which have been behind the creation of the best of these companies."

"It's a letter begging me not to leave the NUM"

Outsider first

The traditional two-horse race between Barclays and National Westminster to lead the way on bank base rates may be a thing of the past.

Citibank, which last year became the first overseas bank to be elected to the exclusive club of British clearing banks left them both at the starting post yesterday with its ½ point cut in base rates.

The U.S. bank which has acquired a reputation for taking an aggressive posture in the U.S. money markets, is clearly out to beat the British banks on their home ground.

Its rivals, however, can take heart from the fact that Citibank seemed at a complete loss as to how to capitalise on what should have been a major political coup.

A phone call to the press office after the base rate move elicited an abrupt "no comment," and even that was supposed to be off the record. A request for amplification finally brought the equally illuminating reply: "There is a consistent policy of no comment on Treasury matters."

At least Barclays and NatWest know how to claim credit for lowering the cost of borrowing.

Savoy offensive

London's hotels are about to enjoy the biggest business they can recall, with the arrival of some 20,000 members of the American Bar Association and spouses at the week-end.

It seems an odd moment for leading London hoteliers to start a new round of an old squabble among themselves. Yet the prospect of offering guests an unrewarding glimpse of the internecine strife in the business has not deterred the Savoy directors from levelling a new blast against Lord Forte, head of the THF group.

In press advertisements yesterday the Savoyards charged Forte with running a campaign against them based on this "frustration that his personal ambition" to acquire control of the Savoy (also Claridges, the Berkeley, and the Connaught) has not been realised.

Sternly the Savoy board says "Lord Forte knew perfectly well at the start of his campaign that he would be resisted, and he knew perfectly what the voting structure was when he began. He has nevertheless persisted, and if THF now finds itself in a predicament, it has only itself to blame."

Forte came back last night with a three-page riposte accusing the Savoy board of poor management.

Light relief

The Chancellor, Nigel Lawson's, late arrival at the last National Economic Development Council provided a welcome slot for Norman Willis, the Trade Union Congress general secretary, to enhance his reputation as a stand-up comic.

While government, industry, and union representatives, surveyed each other glumly across the table, Willis piped up, "I expect he is just finding a policy."

"Yes," a government minister was heard to say, "He's trying to find M3."

Quite unaware of the spirit of fun his lateness had injected into Neddy, Lawson explained during his address that there would be no change in government policy.

Willis broke in with the timing of a true comedian: "Yes, but what does he really mean by that . . ."

For a rare moment the chamber rang with laughter.

Observer

BASE LENDING RATES

A.B.N. Bank	12½%	C. Hoare & Co.	12½%
Allied Dunbar & Co	12½%	Hongkong & Shanghai	12½%
Allied Irish Bank	12½%	Johnson Matthey Bkrs.	12½%
American Express Bk.	12½%	Knowsley & Co. Ltd.	13 %
Henry Ansbacher	12½%	Lloyds Bank	12½%
Amro Bank	12½%	Edward Manson & Co.	13½%
Associates Cap. Corp.	13 %	Meghraj & Sons Ltd.	12½%
Banco de Bilbao	12½%	Midland Bank	12½%
Bank Hapoalim	12½%	■ Morgan Grenfell	12½%
BCCI	12½%	Mount-Credit Corp. Ltd.	12½%
Bank of Ireland	12½%	National Bk. of Kuwait	12½%
Bank of Cyprus	12½%	National Girobank	12½%
Bank of India	12½%	National Westminster	12½%
Bank of Scotland	12½%	Northern Bank Ltd.	12½%
Banque Belge Ltd.	12½%	Norwich Gen. Trust	12½%
Barclays Bank	12½%	People's Trust	13½%
Beneficial Trust Ltd.	13½%	PK Finans Intl. (UK)	13 %
Brit Bank of Mid. East	12½%	Provincial Trust Ltd.	13½%
■ Brown Shipley	12½%	R. Raphael & Sons	12½%
CL Bank Nederland	12½%	Roxburghe Guarantee	13 %
Canada Permanent	12½%	Royal Bank of Scotland	12½%
Cayzer Ltd.	12½%	Royal Trust Co. Canada	12½%
Cedar Holdings	13 %	■ J. Henry Schroder Wagg	12½%
■ Charterhouse Japhet	12½%	Standard Chartered	‖12½%
Choulartons**		TCB	12½%
Citibank NA	12 %	Trustee Savings Bank	12½%
Citibank Savings	¶12½%	United Bank of Kuwait	12½%
City Merchants Bank	12½%	United Mizrahi Bank	12½%
Clydesdale Bank	12½%	Westpac Banking Corp.	12½%
C. E. Coates & Co. Ltd.	13 %	Whiteaway Laidlaw	13 %
Comm. Bk. N. East	13 %	Williams & Glyn's	12½%
Consolidated Credits	12½%	Yorkshire Bank	12½%
Co-operative Bank	*12½%		
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12½%		
■ Hill Samuel	§12½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 9¼%. 1 month 10¼%. Top Tier—£2,500+ at 3 monthly notice 12¼%. At call when £10,000+ remains deposited.

‡ Call deposits £1,000 and over 9¼% gross.

‖ 21-day deposits over £1,000 10¼%.

¶ Mortgage base rate.

** See Provincial Trust Ltd.

§ Demand deposits 9¼%.

PARLIAMENT rises early this summer, no doubt to everyone's great relief. Mr John Biffen the Leader of the House of Commons, announced yesterday that it should be up by July 26.

People need a rest, or at least a pause for thought. There are no great legislative issues left hanging in the air. New legislation can wait till the next session, and preferably longer. Meanwhile, there is plenty to think about.

Two main points emerge at the end of the second year of Mrs Thatcher's second administration. One is the way esteem for the Government continues to decline, perhaps especially among elites. The other is the slow, but by now fairly steady, recovery of the Labour Party.

Among senior ministers Sir Keith Joseph, the Education Secretary, is fond of remarking that the Government keeps losing years. It lost the first year of Mrs Thatcher's first administration, for example, by not being radical enough early enough. It lost the first year of her second by being stuck with legislation from the old Parliament. Now it has lost the second by spending an inordinate amount of time and effort on the relatively unimportant matter of the reform of local government. Time is beginning to run out.

Rarely has one heard such acerbic comments about government as now come regularly from the top of industry and the City. "Whom does she talk to any more, certainly not to us?" is one of the most mild. Mr Nigel Lawson, the Chancellor, and Mr Leon Brittan, the Home Secretary, come in for particular stick, though the Prime Minister herself is no longer immune. Industry and the City have begun to discuss the possibility of how to live with a new Labour regime.

And, on the face of it, things do look pretty awful. There was the pound, down almost to parity with the dollar early this year. Now it is up to around \$1.40. The more important weighted index against a basket of currencies was up to 83.9 in the middle of this week, a level wholly unjustified by Britain's economic performance and explicable only by high interest rates. It is beginning to look as if no one is in control any more; nobody knows any longer what British economic policy is.

Harking back to the recent past, it may come to be seen that a crucial mistake was made last November when Britain had the opportunity of joining the European Monetary System. The American presidential election was out of the way and the oil markets were relatively quiet. It would have been a golden time to have gone in, but the chance was not taken. There are many in industry and the City who regret it.

Yet, there again, the Prime Minister is now in new trouble

Politics Today

Everybody needs a good holiday

By Malcolm Rutherford

Mr Kinnock and Mrs Thatcher: slowly, steadily, Labour is marching back

with Europe. Nobody on the outside, and apparently few on the inside, can be quite sure how the debacle of the Milan summit meeting came about. But it looks as if Mrs Thatcher allowed herself to be outmanoeuvred by the mainstream of the continental leaders. She came back defeated, rather than defiant.

True, the damage could be repaired. The channel tunnel, for instance, whichever form it takes, could inspire popular imagination, and not just in Britain and France: it could be a European project. There are also some quite healthy signs of a reform of the common agricultural policy.

The constitutional conference on amendments to the Treaty of Rome will have to take place. But it could be an opportunity, not a threat. The British Government could try to put everything into a package, then whip the amendments to the Treaty through Parliament: after all, it has whipped much more trivial legislation through the House of Commons in the last year or two without the faintest blush of embarrassment.

But there's the rub. Does Mrs Thatcher's administration have the will to do anything bold any more? On the basis of the objective evidence, it is no longer possible to answer that question with a confident "yes," although for the time being we might settle for "perhaps."

Another matter concerns the Chancellor. It has become unclear what his attitude to public expenditure and tax cuts is. Last Saturday he said that the Government was pursuing a "middle way," a pregnant phrase in Tory circles because it goes back to the young Harold Macmillan in Stockton in the 1930s. Subsequently he seemed to deny that there had been any change of course.

Yet on Wednesday we had what looks like the rehabilitation of the National Economic Development Council. Admittedly, the NEDC did figure quite prominently in some early Thatcherite documents, such as "The Right Approach to the Economy in 1999 but those were *autres temps, autres moeurs,* the sort of Conservatism which one thought had been mostly dismissed from the Cabinet. It was a surprise to hear the new references to tripartism between government, industry and the TUC.

Equally, if the country's infrastructure really is falling to pieces and in urgent need of repair, one would have thought that the Government might have noticed it before. It is unlikely that it all happened overnight.

So the administration has a problem of speaking with two voices: that of the savers and that of the spenders. It is quite difficult to reconcile, especially if you started with one and are now switching to the other.

It is said that we should wait for the Cabinet reshuffle in early September and certainly Mr Peter Rees, who holds the key post of Chief Secretary to the Treasury, is resigned to departing. But it is not immediately obvious that a few Cabinet changes and a new Chief Secretary will make all that much difference. The Government does give the impression of losing its grip and determination; the only question is how far the relaxation is deliberate.

That, in a way, is what alarms the City and makes thoughts turn to the possibility of a new regime. After all, the defeat of Mrs Thatcher, if it happened, would be a fairly traumatic event. Not only would she have dominated British politics for more than a decade, and then have been voted out. It would be much more than that. Another dream would have died. After the white heat of Harold Wilson's technological revolution, the promise of Edward Heath's new style of government, Thatcherism, too, would have gone, leaving the country much as before: a medium-sized European power, quarrelling with its neighbours and in relative, perhaps absolute, economic decline. It is not a pleasant thought to have to face. It would be very hard to rekindle hope.

Such is the task that could be facing the Labour Party, and it knows it. It seems to me that it is now getting down to it reasonably well. Several factors have changed in the past few months. Mr Neil Kinnock, the party leader, is now nearly the equal of Mrs Thatcher at question time in the House of Commons, despite the system being biased in favour of the Prime Minister of the day. That has an effect on the morale of the Parliamentary party which must eventually seep out to the party in the country.

The far left is no longer much of a force. The Gallup Poll analysis in the Daily Telegraph of the voting in last week's by-election in Brecon & Radnor suggested that only 5 per cent of the electorate were influenced by fears of Labour being too extreme. It was not like that in 1983.

Labour's recent election results have been fairly satisfactory from the party's point of view: in the shire counties, for example. True, it came only second in Brecon and Radnor, but it gives the Alliance a nasty shock, and the Alliance has to win by-elections to maintain its own credibility. Labour now appears to be on a rising trend. Perhaps it is better to ascend steadily rather than dramatically.

The party's organisation has much improved. Mr Larry Whitty, the new general secretary, really is streamlining the party's headquarters at Walworth Road, even asking all senior officers to submit themselves for re-appointment against open competition. Again, the union ballots are going in favour of maintaining the political levy which keeps Labour in funds.

Not least, the party is engaged on some very serious work on economic policy, particularly through the Liaison Committee with the TUC. It is much less likely than it used to be that Labour will again be returned to office not knowing what to do. The party has learned from its past, and also from the initial mistakes of President Mitterrand in France. It is not going to promise too much.

Finally, there is a thought curiously shared by Mr Lawson and some members of the Labour front-bench which, I think, epitomises what has been going on in the last year or two. It is that when a party ceases to be radical it gradually loses its hold on office. It happened to the Labour administration in 1950-51, again in the 1960s and to Mr Heath's in the early 1970s.

The Chancellor's fear is that is happening to the Tories again now. That is also the Labour Party's hope. Gradually unemployment will come down. The Government will relax its spending and pay policies and develop the infrastructure. But it will be Labour which gets the credit for it because it is the party most identified with that kind of policy.

It is not a prediction, only a thought for the summer, but it is one worth pondering.

Lombard

No-one needs the gift of tongues

By David Lascelles

EACH YEAR, as the British pack their bags for their summer holidays, someone can be relied on to bemoan how badly we speak foreign languages. Last week it was the turn of the Assessment of Performance Unit of the Department of Education and Science which said that distressingly few of our teenagers can string a sentence of French, German or Spanish together, let alone understand one.

All true, no doubt. But does it really matter? Blessed as we are with the world's *lingua franca* as our mother tongue, it almost seems an act of condescension to try to master other peoples' languages, particularly when they do a so much better job of learning our own. Perhaps the time has come for the British to spend less time learning languages, even—dare one say it—stop learning them altogether, at least as part of the regular school curriculum.

On outrageously British and insular view to take, perhaps. But we should ask ourselves whether the conventional reasons why we learn foreign languages still stand up, particularly when measured against the more rewarding uses to which we could put our time:

● To communicate with foreigners: barely necessary in a world where English has become the language of international business, finance, sport, science, art, academia, travel and diplomacy. Better that the few cases where English people do need to communicate in a foreign language be handled by a body of professional interpreters or through special training courses rather than have the whole country struggle to master languages with such poor results. Of course we should have a smattering of a foreign language out of respect for other nations, and to oil the social wheels. But a few hours in a language laboratory would suffice for that.

● Broadening cultural horizons: Knowledge of a foreign language is supposed to be the gateway to another country's culture. It may be for a small minority. But how many of us can honestly claim to have curled up with a Balzac novel in the original French, or poured over Der Spiegel for a flavour of German affairs? Many of us might have learnt more about French culture had we been encouraged to read its literature in translation (witness the success of English National Opera's English-language productions) or spent less time learning French irregular verbs and more studying French history and art. Anyway, language is only one—and possibly the most intimidating—gateway to a foreign culture. What of music, art, travel and even food?

● Language as a discipline: There is something to be said for language as a form of mental exercise, and for gaining a deeper understanding of our own culture. But these are secondary benefits which probably do not justify the enormous effort that goes into language teaching. If mind training is needed, scientific subjects might be more appropriate; the sources and origins of words can always be taught separately.

The aim of any debate about language teaching should be to find a better balance between effort and results. The trouble with reports like the APU's is that they seem to assume that everyone can and should learn to converse in a foreign tongue. But that is no more likely or possible than everyone becoming accomplished scientists or good cricketers.

We could even say that our efforts to teach youngsters to speak French have had the counterproductive effect of putting them off wanting to learn more about France. (This danger of backfire, incidentally, applies less to those who are not born English speakers; they know they have got to learn English if they are to succeed in many walks of life).

By scrapping language lessons, we would clear a sizeable chunk of the school timetable to teach subjects that really improve our understanding of the outside world: history, current affairs, culture, geography and economics, and in the process become less rather than more insular.

Letters to the Editor

Labour and the EEC

From the MP for Hamilton (Lab)

Sir,—In his criticism of Labour's stand on the European Community, Malcolm Rutherford (July 5) has got it uncharacteristically wrong.

The main thrust of the attack by Labour on Mrs Thatcher's Milan anti-triumph and on the new "own resources" Bill is not based on a root-and-branch opposition to the EEC.

It is based on a critique of the failure of the Community to deal with the most important issue facing its component countries — recession and chronic unemployment.

Mrs Thatcher's spectacular failure to foresee the hijacking of the Milan summit only serves to underline the real European crisis which must perplex the Eurofanatics as well as the sceptics.

The Community, instead of concentrating its energies and potential on a strategy of expansion, growth and recovery, is instead obsessed with tinkering with institutions and treaties which, without political will, produce nothing at all.

Labour will continue to judge the Community, and the demands placed upon the British Exchequer as a result of it, in the light of its achievement in tackling the genuine crisis facing our own country as well as the rest of the Community.

George Robertson,
Chief Opposition spokesman on European affairs.
House of Commons.

Teething troubles overcome

From the Chief Executive. British Telecom Specialised Services.

Sir,—Mr Salmon and other KiloStream customers can take heart that the problems he mentioned (July 8) are now virtually all in the past.

British Telecom's X-Stream digital private circuit services MegaStream and KiloStream are among the most advanced of their kind. We had teething troubles with them following their introduction in 1983—not unusual with innovations such as these—and during 1984 we embarked on a massive remedial programme to eliminate blackspots in our digital network.

This work will be 95 per cent complete by the end of this month. Already, fault reports have dropped by 40 per cent since late last year.

Unfortunately, there were occasions during the work when it was necessary to disconnect customers' circuits. We endeavoured to give customers adequate notice but we regret there were a few occasions when this was not done. We apologise to all customers whose digital transmission was disrupted in this way.

Performance of these services is now generally achieving our published target level. This is that the circuit will perform at or better than CCITT recommendations at an availability of 99.85 per cent—in other words, the service will meet CCITT requirements each year for 8,747 hours but may not for the other 13.

Sydney O'Hara,
2-12, Gresham Street, E.C.2.

Stock market turns against electronics

From the Senior Research Fellow, Centre for Business Strategy

Sir,—I am fascinated by the recent sharp falls in the stock prices of the UK's leading electronic and electrical companies. It is true that the latest round of company reports shows some reversal to the rapid rate of growth in earnings that these companies have enjoyed until recently. But I am unaware of significant new information concerning their strategic positions that could justify a fundamental revaluation of their underlying assets.

It is, of course, true that the international competitive position of these companies in many important business areas is weak: but this has been clear to informed opinion for some years past. It is also clear that the "liberalisation" of purchasing policies at British Telecom and the *Ministry of Defence* reduces the profit potential of the UK electrical companies: but, again, this factor has been well known since the early 1980s. It is tempting to conclude that, for all the effort that goes into "investment analysis," the stock market reacts only to earnings trends, irrespective of the underlying strategic position.

If this is true, what chance do these companies have of adopting strategies that will eventually remedy the competitive weaknesses from which they are now so evidently suffering?

Michael Goold.
London Business School,
Sussex Place, NW1.

Arms sales to Indonesia

From the Co-ordinator. Campaign Against Arms Trade

Sir,—Your report on the opportunities afforded to British arms manufacturers by the visit of Dr Habibie, Indonesia's Minister of Research, Science and Technology (World Trade News, July 8), raises important questions on the wisdom of promoting arms exports to Indonesia.

Firstly, according to the Stockholm International Peace Research Institute's newly published 1985 Yearbook, the global arms trade is in decline. Massive Third World debt and saturation of Third World markets by expensive military equipment are contributing to a contraction of the international arms market.

Secondly, Indonesia has one of the world's most repressive regimes, with a horrific record of the violation of civil and human rights taken for granted in the UK.

You cite the prospects for *British Aerospace of selling* further Hawk fighter aircraft and a collaborative venture to manufacture Alvis Scorpion tanks. Yet Indonesia is involved in a genocidal war in East Timor which it illegally invaded in 1975. Some 200,000 Timorese people have been killed by aerial bombardment, starvation and massacres. Saladin, Saracen and Ferret armoured vehicles supplied by Alvis have already been used by Indonesia's military regime for repression of its own people.

In the light of this, and the declining employment prospects in the military sector, British manufacturers would be better encouraged to focus their efforts on the production and export of socially useful civilian products, rather than supplying yet more weaponry to a heavily militarised and repressive regime.

Stephen Chappell.
5, Caledonian Road, N1.

Need for further steel closures

From the Director, British Iron and Steel Consumers' Council

Sir,—You fully and accurately report our views on the need for further closures in the British Steel Corporation (July 8). We believe that it would be a sounder investment for the longer-term health of the British economy if the £90m a year at present being spent on preserving uneconomic jobs in steel, and additional funds, were spent on creating a more efficient infrastructure and on easing the problems of transition for those adversely affected in steel. Additional spending on the infrastructure would itself increase the demand for steel, as well as providing new jobs.

Continuing to impose those costs on BSC will either result in higher prices for steel users or reduced funds for the further investment which is vitally necessary to ensure BSC's future competitiveness.

If the social or other consequences of pursuing commercially and economically sensible policies are regarded as intolerable, we consider that a way should be found to identify the costs involved and compensate BSC for them. This would spread the burden thinly over the whole community (as is normally done for other social costs) and would limit the damage to the steel and steel-using industries for whom competitiveness in international trade is essential. There should be an opportunity to provide for this under a new State Aids Code, which is apparently under consideration, to cover the period after December 31 1985.

J. F. Safford.
16, Berwyn Road.
Richmond, Surrey.

Statutory audit requirement

From Mrs S. L. Gompels, FCA

Sir,—In your editorial "An auditor queries audits" (July 8), you claim that it is "... the smaller accountancy firms that stand to lose most from liberalisation" of audit regulations.

Seeing this movement toward deregulation from just this smaller accountancy firm sector, I dispute your claim. Indeed it is precisely within the potentially exciting new and growing small business field that the burdensome statutory audit and accompanying regulation has proved most difficult to justify to clients as being of value—real, perceived or financial!

I suggest that progressive practitioners in smaller firms will particularly applaud the removal of the albatross of statutory requirement, and welcome the consequent freedom to provide the forward-looking, timely management accounting and financial services which their clients need, value and will more positively fund.

Susan Gompels.
Heathfield, Cobham, Surrey.

Ticket to paradise

From Mr W. S. Gapp

Sir,—I was unlucky in the recent ballot for shares in Christian Salvesen and telephoned my bank branch with a buying order.

In confirming my order, the bank clerk said, to my delight: "You are buying shares in Christian Salvation."

Walter Gapp,
30, Grosvenor Place,
Bath, Avon.

FINANCIAL TIMES
Friday July 12 1985

Israeli talks aim to avert strike on Sunday

By David Lennon in Tel Aviv

ISRAELI GOVERNMENT and union officials continued intensive negotiations yesterday in an effort to reach agreement on wage erosion levels before Sunday when the unions are planning to launch a general strike.

The country's 60,000 civil servants postponed their strike, which was due to start yesterday, after the Prime Minister promised to delay the implementation of emergency decrees dismissing 10,000 public-sector workers and cutting wages by 3 per cent.

That brought a respite in the labour unrest which has been growing steadily since the announcement last week of the Government's new economic austerity programme, designed to combat soaring inflation and declining foreign-currency reserves.

Although the threat to close down the government service has been averted, the civil service union gave a warning that the strike had only been postponed to enable negotiations to continue.

Most industries, banks and offices were intermittently without electricity again yesterday and traffic lights were out of action as the electric corporation staff continued their sanctions.

The central committee of the Histadrut trades union federation gave the go-ahead to individual unions to begin an indefinite general strike next week.

At the same time, the Histradrut decided to continue negotiations with the Government in the hope that agreement can be reached before the general strike starts. If there is any significant progress in the talks, the strike may be postponed.

Mr Israel Kessar, the Histadrut secretary-general, said that the unions did not want to strike "because we know the economic situation is not so good, but sometimes we have no other choice."

Mr Chaim Herzog, the President, spoke out against the anarchy threatening the economy.

Meanwhile, the Central Bureau of Statistics reported that Israel's trade deficit shrank in the first six months of the year, to only $1.02bn, compared with $1.35bn in the same period last year.

Sweden cuts key rates to ease money squeeze

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SWEDEN yesterday cut its key interest rates in a first step to ease the dramatic monetary squeeze imposed eight weeks ago when the financial authorities became alarmed at the sharply rising outflow of currency from the country.

The Riksbank, the Swedish central bank, cut both the discount rate and the so-called penalty rate, which influences money market rates, by 1 percentage point.

The discount rate, which was raised by 2 points on May 13 to 11½ per cent, was reduced to 10½ per cent, while the penalty rate, which was raised by 2½ points in May to 16 per cent, was cut to 15 per cent.

The big jump in interest rates in May has succeeded at least temporarily in quelling the mounting crisis of confidence in the Swedish krona. In the last eight weeks, more than Skr 5bn ($588m) has flowed back into Sweden – with an acceleration in recent days – against an outflow of SKr 9.9bn between January 1 and mid-May.

Money market rates have been falling for several days in anticipation of action by the Riksbank, but the scope and timing of the cuts has still surprised many dealers.

With the Swedish election campaign due to start in earnest in a couple of weeks ahead of the general election on September 15 one money market dealer said the Riksbank move was clearly "politically loaded."

"This is election politics and gives the wrong signals to the markets. Two months ago policy was tightened because we were consuming and importing too much, now we have cut the cost of borrowing again."

Mr Kurt Eklöf, deputy governor of the Riksbank, admitted that there was still no sign of an improvement in the Swedish current account of the balance of payments which has deteriorated rapidly this year.

It was chiefly the slump in the current account that provoked the crisis of confidence in the Government's economic policies and forced it to impose a tight credit squeeze to cut booming consumer spending.

According to new figures released by the Riksbank yesterday, the current account showed an estimated deficit of SKr 11bn in the first four months of the year against a surplus of SKr 3.5bn in the same period last year.

Even after yesterday's cut, however, real interest rates in Sweden are still among the highest in the industrial world. The Riksbank believes that the recent sharp fall in the value of the dollar, coupled with falling interest rates elsewhere has provided "a certain scope for also lowering Swedish rates."

There is still a big gap between Swedish and other interest rates, with Swedish three-month rates yesterday still at 15.20 per cent compared with a three-month Eurodollar rate of 7.81 per cent.

Share prices rose modestly in response to the interest-rate cut, while on the foreign exchanges the krona weakened only slightly. It is at its strongest level against the dollar since last November.

The lower interest rates were welcomed by industry, but Mr Olof Ljunggren, director of the Swedish Employers' Federation, said Sweden's interest rates were still high compared with the rest of the world because of the worsening current account, the higher inflation rate and the big state budget deficit.

Britain 'disappointed' with talks offer by Argentines

BY ROBERT GRAHAM, LATIN AMERICA EDITOR, IN LONDON

THE BRITISH Government yesterday poured cold water on Argentina's offer to resume negotiations aimed at restoring normal relations. The offer was made in response to Britain's unilateral lifting on Monday of the ban on Argentine imports, in force since the Falklands conflict in 1982.

A lengthy and carefully worded statement issued by the Argentine Foreign Ministry late on Wednesday offered to resume negotiations with the UK within the next 60 days and to begin preparations for that immediately.

The statement also said the Argentine Government was willing to make a formal declaration ending the state of hostilities in order to ease the start of negotiations "as soon as the British Government undertakes to begin negotiations on all issues."

Although in private British officials recognised that the tone of the Argentine statement showed signs of unprecedented moderation, in public the Foreign Office called it "disappointing."

A Foreign Office spokesman said Argentina had once again insisted on a direct link between negotiations to restore normal diplomatic and commercial relations and discussion of sovereignty to the Falkland Islands. In announcing the lifting of the import ban, the Foreign Secretary, Sir Geoffrey Howe, repeated that sovereignty was not up for discussion.

The Argentine Government, which appears to have been taken by surprise by Britain's initial move, made clear in its statement that sovereignty over the Falklands lay at the heart of its problems with Britain. While accepting Britain's view that relations could be best restored step by step with confidence-building measures, it said such an approach was unrealistic as long as the fundamental issue of sovereignty was ignored.

The Foreign Office countered yesterday by saying it was unrealistic for Argentina to put the issue of sovereignty so prominently when Britain had already made its position clear. Instead, officials hinted that it would have been more helpful if some practical gesture had been made to reciprocate, such as Argentina lifting its own selective trade ban on British goods or easing visa restrictions.

The cool Foreign Office reaction makes it difficult for common ground to be found over resuming a dialogue; and the British initiative looks like being still born.

Observers expressed some surprise at the dismissive attitude of the British Government, pointing out that the Argentine reply had made several concessions. Those were an offer to end the state of belligerency, repeatedly sought by the British Government an offer to begin talks within a fixed time frame, and public acknowledgment that Britain's lifting of its trade ban represented a "genuine easing of Britain's policy."

Prospects dim for early U.S. budget accord

By Stewart Fleming in Washington

PROSPECTS for an early resolution of the U.S. budget impasse in Congress dimmed again yesterday as House and Senate budget officials disputed the implications of the "framework" for restarting negotiations, agreed by President Reagan on Wednesday.

Senate majority leader Robert Dole and Senator Pete Domenici, the budget committee chairman, both republicans, reported that many of their colleagues in the upper chamber of the legislature were infuriated by the decision of the Republican President to endorse a negotiating framework that cut the ground from beneath several of the key elements of the Senate deficit reduction package.

"There is some anger. They are mad. They do not know what to think about it," said Senator Domenici at a breakfast meeting with reporters. By mid-day, no time had been set for the members of the House/Senate Budget Conference Committee to reconvene.

The budget framework accepted by President Reagan endorsed the Democratic Party's budget position on the key issue of social security, in the process removing some $22bn of budget cuts

Not only does that expose Republicans to political attack for voting for cuts in social security benefits, but the agreement left vague the extent to which House Democrats should find other savings to make up for the revenues lost by not cutting old age pensions.

The impression is gaining ground that the White House, anxious to press ahead with its tax reform plan, is more interested in getting a budget resolution passed than in getting a budget package which will achieve large reductions in the budget deficit.

Moscow may arrange first Euroyen credit

By Peter Montagnon in London

SUMITOMO BANK said in Tokyo yesterday it had been in discussion with the Soviet Foreign Trade Bank about a possible Euroyen credit which would be the first significant deal in this market since it opened on April 1.

Its confirmation was the first official statement in response to persistent market rumours in recent weeks that the Soviet Union, which has this year diversified its borrowing activity into a number of major currencies, would seek a yen financing.

Following yesterday's statement from Tokyo, the rumours reached a new peak, with some bankers suggesting that a credit of some Y22.5bn had already been arranged with a margin of ¼ percentage point over Euroyen deposit rates for the first four years and ⅜ point for the next four years.

Such a deal, if it materialised, would add an ironic twist to the short but controversial history of the Euroyen credit market. It would make the Soviet Union the first major borrower to take advantage of a market which opened up only after pressure from the U.S. government, but which has not so far proved popular with other borrowers.

But senior Japanese bankers in London were still playing down the rumours yesterday, saying no formal mandate had yet been awarded.

After a first attempt by Sweden to launch a Y100bn credit foundered embarrassingly in April, both lenders and borrowers have become extremely cautious about committing themselves publicly to any operation which might also fail to be successfully syndicated.

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THE LEX COLUMN

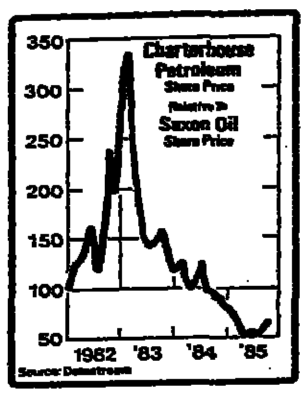
New school tie for Saxon

The winnowing of the UK independent oil sector has been as confidently predicted as the depletion of the North Sea, but yesterday's proposed merger between Charterhouse and Saxon still took everybody by surprise. It may be that the market had come to accept an industry of many chiefs and few Indians and that, even with share prices down at or below most asset values, agreed mergers looked scarcely more apt to succeed than bids.

The fit was there for all to see. The two companies' acreage scarcely overlaps at all; production profiles are going in opposite directions; and the balance of tax liability and offset look like a finance director's daydream. As a bonus, both share prices have fallen in tandem since the negotiations started two months ago.

On its own, Charterhouse is no longer in a position to issue more paper for aquisitions and prevent its production beginning to decline from present levels. Saxon, in contrast, lacks the resources to nurse its spanking Miller find into production in the 1990s without an equity issue or, at least, absorption against its management's will. The new group will carry net debt of under £5m and looks reasonably placed to finance not only the £100m or so cost of Miller and replacement reserves, but an assault on the ringfence itself.

It is hard to imagine the new Saxon Petroleum – the Charterhouse name is unmourned – paying much by way of tax. With little more than a Forties unit by way of production, Saxon in its present form can offset Charterhouse's greater PRT liability – while a revision of development prospects will now free over £20m in Charterhouse's provisions for deferred tax. The market was less than wholly enthusiastic. It marked Saxon 45p up and Charterhouse 4p down to adjust for the asset allocation; but yesterday evening the merged group was worth only a couple of million pounds more than the two companies yesterday morning. Of course, Saxon remains vulnerable to a pre-emptive bid; but if yesterday's deal suggests anything, it is that an entity strong enough one day to break out of the North Sea must be made, not bought.



UK base rates

Though the Bank of England's two-part signal yesterday could scarcely have been more welcome, it had its puzzling aspects. Once it became clear that this week's strength of Sterling was based on more than Exco's repatriation of its prospective Telerate dollars, there could be no serious argument against a cut in base rate. But it was odd that among all the clearing banks, only the recently-elected Citibank appeared to have received the message.

Partly this was the result of excessively delphic signalling. If the Bank wanted a half-point cut – as it evidently did – it might have been more helpful to say so at once; to drop dealing rates by a mere quarter point left its intentions obscure. The idea that to move by halves rather than quarters would have indicated approval of a monetary free-for-all is less than convincing. It is at any rate hard to believe that the retail clearers would have hung back, given a more decisive prompt. As things worked out yesterday, it seems to have been a case of Bank and Citibank versus the rest. Citibank will at least enjoy the satisfaction of having joined in one of the more esoteric rituals of UK monetary control.

Siebe

When Siebe decided to raise £75m through a rights issue yesterday, it paid sub-underwriters 1½ per cent for the privilege of standing behind an issue pitched at only 65 per cent of the market price. True, this is no market for raising money; and true, the issue will double Siebe's issued share capital at a stroke. But if Siebe's advisers genuinely question whether a 35 per cent discounted rights issue will go off easily, shareholders might interpret that as casting doubt on the attractiveness of the takeover of CompAir for which the funds are needed.

If the discount was not large enough to avoid underwriting altogether, it was also too small to save on the cost of dividend payouts. Even after yesterday's 25 per cent rise in dividends, Siebe will probably continue to pay the same rate on double the number of shares. Although CompAir is likely to contribute somewhat more to pre-tax profits than last year's meagre £3.2m (a 1.5 per cent margin on sales), there is likely still to be some earnings dilution and even more unrelieved ACT.

The market, however, gave Siebe the benefit of the doubt, marking the shares down only 30p to close at 565p, well up on the theoretical ex-rights price. Siebe has every reason to expect strong support – twice in the last three years, it has proved its skill at turning round acquisitions, as amply demonstrated by the 51 per cent rise in pre-tax profits – to £17.1m – which accompanied yesterday's rights issue.

Imperial Group

Perhaps Imperial Group should ask Exco to advise it on the Howard Johnson sale. It took Exco just over a fortnight to negotiate the sale of its Telerate interest in the U.S.; Imperial Group has been at it for over a year and yesterday's interim statement gave no hint of an imminent deal. The protraction of the HoJo negotiations becomes more embarrassing to Imperial by the day. Losses at the subsidiary swelled from £2.8m to £8.6m during the six months to April, while the prospective sterling proceeds are being whittled away by the foreign exchange market.

The delays might not matter so much if Imperial could divert the market's attention to cheerful news elsewhere. As it was, yesterday's interim statement was dominated by industrial disputes – the Tadcaster strike cost the brewing division just over £5m in the first half and the Golden Wonder stoppage is now costing £1m a month – and by the damage being done to Imps by ultra-low price cigarettes.

The underlying performance in both brewing and foods is respectable enough but, after pushing profits ahead 6 per cent to £96.3m in the first half, the group may not show much improvement on last year's £220.6m over the full year. Until the HoJo news is out of the way, income is virtually the only support for the share price. Assuming that Imperial pays 9p net for the year, the yield works out to 7.7 per cent at last night's price of 170p.

Mexico puts pressure on Opec

Continued from Page 1

Other large customers are Spain, which takes 11 per cent of Mexico's oil; Japan (10.4 per cent); Britain (6.6 per cent); and France (6 per cent).

Oil companies said last night that the new price differentials appeared to be designed to even out the delivered price of Mexican crudes in its main markets. By setting its European prices lower than Japanese prices, however, Mexico is also recognising the extreme competitiveness of the European market.

There were protests from some Japanese traders at what they see as discrimination against Japanese customers. Some traders, however, said that in practice Mexico would not be able to achieve different prices in different markets.

The main significance of the Mexican move is that it will increase the Mexican share of the crude market at Opec's expense, placing further strain on the organisation as Saudi Arabia attempts to persuade other members to allow it to increase its own output of crude.

In the spot market, which has paid relatively little attention to recent manoeuvres in Opec, there was little reaction to yesterday's developments in Mexico.

Goldsmith to renew attack on Zellerbach

By Chris Cameron-Jones in New York

SIR JAMES GOLDSMITH, the Anglo-French financier, has returned to the attack at Crown Zellerbach, the U.S. West Coast forest products group of which he is a director. As a result of the decision by the rest of Crown's board to proceed with its restructuring plan, Sir James has declared that he will use his best efforts to defeat the move.

In a filing to the Securities and Exchange Commission, he says that he and his General Oriental Securities are considering various courses including the purchase of more shares in Crown. He currently holds about 26 per cent. Sir James also intends to resume litigation against the group which he began during his earlier attempts, to gain control.

The renewed outbreak of hostilities between Sir James and Crown was provoked this week when Crown said that after five weeks of talks, the rest of the board could not reach agreement on the restructuring with Sir James, who won a seat after a proxy battle. The decision to proceed with the original reshaping thus ended the truce established in May when it was indicated that Sir James would have a direct say in the plan, in return for his agreeing to limit any increases in his holding.

Siebe to pay IC Gas £78m for CompAir

BY CHARLES BATCHELOR IN LONDON

SIEBE, the fast-growing British safety products and engineering company formerly known as Siebe Gorman, is paying £78m ($107.6m) for CompAir, the compressed air equipment division of Imperial Continental Gas Association.

Siebe is financing the purchase by means of a £75m one-for-one rights issue – the first major operation of its kind since the spectacular failure of Hanson Trust's £519m rights offering last week, when shareholders took up only half the new shares.

Siebe successfully completed the underwriting of the 400p shares yesterday, though the operation wiped 30p off its share price which fell to 565p. Siebe will pay £58m in cash for CompAir and pay off a £20m debt owing to IC Gas.

This move, Siebe's fourth major acquisition in as many years, will double the company's turnover to £425m and propel it into third place in the world compressed air equipment league after Atlas-Copco of Sweden and Ingersoll-Rand of the U.S.

IC Gas, whose interests include Calor Gas and oil production in the North Sea, bought CompAir for £63m in 1980 but the difficult conditions in the engineering industry have depressed profits. IC Gas, meanwhile, has expanded its oil and gas exploration and production activities and feels its funds can be put to better use here.

CompAir made a pre-tax profit of only £3.2m on turnover of £216m in the year ended March 1985. In 1981, the year after IC Gas bought it, profits were also £3.2m on turnover of £157m. CompAir employs more than 3,400 people at five centres in the UK, including High Wycombe in Buckinghamshire and Camborne, Cornwall.

Mr Barrie Stephens, managing director of Siebe, said: "They have a fine name and their technology is superb. Their unspectacular profits make them attractive to us. This is a classic turnround situation."

Siebe aims to achieve a pre-tax return of at least 10 per cent on CompAir's turnover.

Siebe accompanied news of the proposed acquisition with an announcement that its own profits rose 51 per cent to £17.1m on turnover 36 per cent higher at £212.6m in the year ended April 1985.

Siebe makes safety equipment and life support products, garage equipment and lubrication and filtration products, many of which make use of CompAir's compressed air equipment.

CompAir's other customers are the construction, mining, quarrying and manufacturing industries.

See Lex; News analysis, Page 25

World Weather

		°C	°F
Ajaccio	S	27	81
Akrotiri	S	29	84
Algiers	S	31	88
Amsterdam	C	20	68
Athens	S	29	84
Bahrain	S	35	95
Bangkok	S	33	91
Barcelona	T	21	70
Beirut	—	—	—
Belgrade	F	22	72
Berlin	C	19	66
Biarritz	F	21	70
Blackpool	R	15	59
Bordeaux	S	25	77
Brussels	S	21	70
Budapest	F	22	72
B. Aires	S	10	50
Cairo	S	33	91
Cape Town	F	13	55
Caracas	C	28	82
Casablanca	C	24	75
Copenhagen	F	18	64
Corfu	S	26	79
Dublin	C	17	63
Dubrovnik	S	25	77
Faro	S	24	75
Florence	S	30	86
Frankfurt	F	20	68
Funchal	C	22	72
Geneva	S	21	70
Gibraltar	S	24	75
Guernsey	Fg	16	61
Helsinki	F	25	77
H. Kong	F	31	88
Innsbruck	S	22	72
Inverness	F	18	64
Istanbul	S	28	82
Jersey	C	18	61
Jo'burg	F	20	68
Las Palmas	S	25	77
Lima	C	18	64
Lisbon	F	21	70
Locarno	F	25	77
London	C	20	68
Los Angeles	S	34	93
Luxembourg	F	19	66
Madrid	S	31	88
Majorca	S	29	84
Malaga	S	26	79
Malta	C	28	82
Manila	C	32	90
Miami	C	31	88
Milan	F	25	77
Moscow	F	16	61
Munich	F	19	66
Nairobi	C	23	73
Naples	F	30	86
New Delhi	F	30	86
New York	S	31	88
Nice	F	26	79
Oporto	S	21	70
Oslo	F	19	66
Paris	F	21	70
Prague	F	20	68
Reykjavik	F	11	52
Rio de J'o	C	33	91
Rome	S	28	82
Salzburg	S	24	75
Seoul	F	27	81
Singapore	F	30	86
Stockholm	S	24	75
Strasbourg	S	22	72
Sydney	C	15	59
Taipei	S	34	93
Tangier	S	25	77
Tehran	—	—	—
Tel Aviv	S	30	86
Tenerife	—	—	—
Tokyo	C	29	84
Toronto	S	24	75
Tunis	S	31	88
Valencia	S	30	86
Venice	S	25	77
Vienna	S	22	72
Warsaw	F	23	73
Zurich	S	21	70

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Coca-Cola makes best of a blunder

Continued from Page 1

$73.75 a share, was also warmly welcomed by Coke loyalists.

The company predicted that the introduction of Coca-Cola Classic would strengthen its market share and promised that "by the end of this year one out of every two colas drunk will be branded with the Coca-Cola name." Coca-Cola, which also markets a range of diet, caffeine-free and other soft drinks, also revealed that it had brought forward by two months the launch of a new brand called Cherry Coca-Cola.

Ahead of the formal announcement yesterday, Coco-Cola's move had been viewed by many Wall Street analysts as an admission of the biggest marketing blunder of the decade, although they also noted that the reintroduction of the original formula could help to blster the company's fierce market share battle with Pepsi-Cola, Coca-Cola's arch-rival, which poured scorn on the latest anouncement, has been chipping away at Coke's dominant market share.

Pepsico officials, who could hardly contain their delight, said: "We now have the opportunity to compete with one product that lost to Pepsi in millions of taste tests, and against another product that the public hates." One Pepsico spokesman, poking fun at Coke's aggressive advertising, said: "What are they going to say? Coke are it."

Coca-Cola introduced its new taste cola – the first change in the secret formula stored in a Georgia bank valut since Coke was brewed up in 1886 – on April 23 declaring it "the most significant soft drink development in history." We have changed the taste of the most universally enjoyed consumer product around the world. The best has been made even better."

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Friday July 12 1985

Further loss of L120bn for Agusta

By James Buxton in Rome

AGUSTA, the Italian state-controlled helicopter maker which is a close collaborator of Westland of the UK, has announced a second year of heavy losses for 1984.

Losses were L120.5bn ($64m) compared with L121.4bn in 1983. But the company is refusing to announce its sales figure for 1984. In 1983, sales totalled L1074bn.

Agusta blames its losses on very heavy debt servicing costs – amounting to L217bn last year – and to foreign exchange losses caused by the rise of the dollar, which cost the company L102bn. It says that it made a profit of L190bn at the operating level – some L50bn more than the 1983 result.

The company, which says it will get its net loss down to L90bn this year, is to write down its capital of L203bn and then increase it back to the same figure in order to absorb the loss. This will be decided at a shareholders' meeting later this month when further details of Agusta's performance in the year to December 31 1984 will be released.

Agusta, which was founded by the Agusta family, is now owned to almost 91 per cent by Efim, one of Italy's state holding companies. The proportion held by the Agusta family will decline further from its present 9 per cent after the capital restructuring.

Agusta has suffered from a sharp decline in orders over the past few years, to which it was slow to react by restraining production. It also took on borrowings, including a heavy exposure in dollars, which at the end of 1983 amounted to L890bn.

Last year, as part of a recovery programme instituted by its new chairman, Sig Raffaello Teti, it put 4,000 of its 10,500 strong workforce on state-subsidised lay-off for three years.

Agusta is a partner with Westland in the EH 101 project to build a large naval helicopter. Westland is also discussing the possibility of further developing Agusta's A 129 Mongoose anti-tank helicopter.

Italian bank lifts profits by 28% in year

By James Buxton in Rome

IMI – Istituto Immobiliare Italiano, the Italian medium-term lending institution which is one of the country's biggest banks – last year increased its net profits by 28 per cent.

Net profits were L182bn ($96.7m) for the year to March 31 1985, compared with L142bn for the equivalent period of 1983-84. The figure was arrived at after setting aside L123bn for bad debt risks and L127bn for tax.

IMI, which is chaired by Sig Luigi Arcuti, had a loan portfolio of L20,997bn at the end of the financial year. The institution is expanding into financial services and is building up a venture capital portfolio through its subsidiary, Italfinanziaria Internazionale.

Chemical's earnings exceed expectations

BY CHRIS CAMERON-JONES IN NEW YORK

MORE U.S. banks reported strong advances in second-quarter net earnings yesterday. Chemical New York, the sixth largest in the country, well exceeded market expectation with a near 40 per cent increase to $107.3m, or $2.03 a share, from $76.8m, or $1.45.

This took the six-month total to $197m, or $3.71 a share, from $158.1m, or $3.03 a share, a year earlier despite a $27.4m rise in loan loss provisions to $65.51m in the latest quarter and higher non-interest costs.

Chemical said that strong net income performance throughout the six months reflected higher net interest income, substantial gains on sales of investment securities, higher profits on trading account and foreign exchange activities

Irving Bank, the 23rd largest, pushed earnings ahead 19.2 per cent in the latest quarter, to $31.36m, or $1.66 a share, from $26.31m, or $1.38 a share a year ago, though loan loss provisions almost doubled to $14.7m from $7.5m.

For the six months Irving's profit reached $58.7m, or $3.10 a share, from $52.96m, or $2.79 a share.

For the half year loan loss provisions rose to $25.4m, up from $18.1m in 1984, and net loan charge-offs were $3.1m higher at $11.5m.

The slightly smaller Bank of New York lifted second-quarter earnings to $31.15m, or $1.51 a share from $26.26m, or $1.58, previously.

For the six months profit was up at $63.98m, from $52.14m, or $3.18 a share, against $3.16 a share. Per share figures for 1985 reflect increased capital.

PNC Financial, the 27th largest, boosted second-quarter earnings to $45.97m from $34.11m, or to 95 cents a share from 77 cents a share. This took the interim total to $88.96m, or $1.85 a share, from $64.52m, or $1.47 a share, even though loan loss provisions soared to $27.1m from $12m a year ago.

China business boosts Klöckner

BY RUPERT CORNWELL IN BONN

KLÖCKNER & Company, the West German steel trading and engineering concern, is expecting another good year in 1985, after lifting net profit last year by DM 10m to DM 41m ($13.99m). Sales rose a further 10 per cent in the first six months, despite a stagnant performance by its dominant steel business.

Herr Jörg Henle, the company's chief executive, said yesterday that worldwide turnover had advanced 16 per cent in 1984 to DM 12.8bn, while the group in West Germany itself boosted sales to DM 10.8bn, over 14 per cent higher than in 1983.

Not the least contributor to what Herr Henle described as the best year in Klöckner's history is its booming business with China. In 1984 this reached DM 185m, but was overshadowed by the DM 250m achieved in the first six months of 1985. Outstanding orders from Peking currently stand at DM 350m.

The highly diversified group controls 32 companies with a total workforce of 7,370. However, it is also closely linked with Klöckner-Werke, the steel concern in which it has a 10 per cent stake, and Klöckner-Humboldt-Deutz (KHD) in which it holds a substantial minority interest.

Herr Henle said that turnover of the entire Klöckner group, including the steel company and KHD, had climbed to DM 21.7bn in 1984 from DM 18.7bn. The DM 270m capital of Klöckner & Company is almost entirely in the hands of the Peter Klöckner Foundation.

Indosuez buys stake in Stein bank

BY DAVID MARSH IN PARIS

BANQUE Indosuez, the internationally oriented French bank, has made a further effort to boost its activities in West Germany by acquiring one third of the private Cologne-based Stein bank. The purchase price was not disclosed.

The acquisition, which will bring Stein into Banque Indosuez's international network, follows a Suez move into north Germany in 1982 when it bought a majority share in the Hamburg-based Marcard bank.

Stein, founded in 1790, has a balance sheet of about DM 350m ($119m) and specialises in financial market activities with a seat on the Düsseldorf bourse and a clientele composed mainly of industrial groups. Its profit last year was undisclosed.

The rest of the share capital will be split equally between the Stein family – who previously had a 60 per cent stake in the bank – and the Haftpflichtverband der Deutschen Industrie (HDI) mutual insurance group, which previously owned the remaining 40 per cent. Banque Indosuez is making clear it would be interested eventually in building up its stake further.

The bank believes the stake will boost its efforts to finance French exports to Germany. The move follows Banque Indosuez's step last month in taking over 65 per cent of the Antwerp-based Banque du Benelux.

Rumasa construction unit sold

BY TOM BURNS IN MADRID

THE last remaining major company of the former Rumasa conglomerate, the Spanish private holding that was expropriated by the state in February 1983, has been sold back to the private sector.

Sr Javier del Moral, the chairman of the Patrimonio Nacional, the state agency that has been managing Rumasa's affairs for the past two years, said yesterday the construction firm Hispano Alemana de Construcciones had been acquired by Transworld Constructions, a U.S.-based consortium with U.S., Dutch, Swiss and Mexican capital.

Hispano Alemana, together with the department store chain Galerias Preciados, the hotel group Hotasa, the sherry producing companies and the bank, Banco Atlantico, was a major company in the Rumasa empire, and it was the last of the "super group" of companies to be sold by the Patrimonio Nacional.

As occurred before the other sales, considerable public money had to be pumped into Hispano Alemana in order to make it attractive to potential buyers. Sr del Moral estimated that new capital and the write-off of debts alone had cost the Spanish exchequer Pta 9.5bn ($56m).

A further and considerable sum, which Sr del Moral did not reveal, was spent, using special funds, to complete a lossmaking housing project in Iraq. Sr del Moral said the Iraq contract had been signed in 1981 with a cash down payment to Hispano Alemana of $25m but that work had still not commenced when the company was expropriated along with the rest of the holding two years later.

Rumasa was expropriated following allegations that it was on the verge of a bankruptcy that would have rocked the Spanish financial system. The holding's founder and erstwhile chairman, Sr Jose Maria Ruiz-Mateos, is at present living in West Germany and is fighting extradition to Spain on a variety of charges, among them fraud.

Hispano Alemana is among the top 10 Spanish construction firms and earned itself considerable prominence with a contract to build and refurbish Spanish stadiums for the 1982 World Cup. The Iraq contract, which involved the construction of 25,000 housing units, was its first venture outside Spain.

The company's turnover last year stood at Pta 26.9bn, and its consolidated account last April 30 showed a negative net worth of Pta 215m.

Sr del Moral said Transworld Constructions was a consortium that had been formed ad hoc to acquire the Spanish company. The consortium paid Pta 1bn for a 100 per cent shareholding in Hispano Alemana.

The U.S. groups Gidwitz and Erickson have a 20 per cent shareholding each in the consortium, the Swiss group Burgert a 26 per cent stake, the Dutch group Riteco 34 per cent and the Mexican investment group Fernandez a 10 per cent stake.

Murdoch safeguards Australian TV stake

By Our Financial Staff

MR RUPERT MURDOCH, the Australian entrepreneur, has moved to safeguard his Australian television interests in the event of assuming the U.S. citizenship he requires for his $2bn takeover of Metromedia's U.S. television stations.

Shareholders in Mr Murdoch's News Corp would receive a bonus dividend of voting preference shares in Network Ten Holdings, holding company for Channel Ten-10 Sydney and ATV-10 Melbourne, said solicitors acting for News Corp.

The plan would dilute News' holding in the stations to the 15 per cent maximum decreed by Australian law for foreign ownership of a TV licence. News' solicitors said the plan should prevent Mr Murdoch having to sell the stations.

News Corp will continue to retain all Network Ten's ordinary shares and four of the company's eight directors, thereby keeping all the Network Ten profits less the dividend paid on the new preference shares.

News Corp shareholders will be entitled to one fully paid, voting fixed-dividend redeemable $1 preference share in Network Ten Holdings for every 200 shares in News Corp, plus 0.25 cents cash for each News Corp share.

Meanwhile, Mr Murdoch will divest himself of his preference share entitlement, while his family members, who with him control more than 50 per cent of News Corp, will place their preference shares in an independent trust.

Twentieth Century Fox Film, the Los Angeles film studio jointly owned by Mr Murdoch and Mr Marvin Davis, posted increased net losses of $55.9m in the third quarter, ended May 25.

BMW and Audi sales well ahead despite domestic setback

BY JOHN DAVIES IN FRANKFURT

BMW AND AUDI, the West German motor vehicle groups, have both voiced confidence about prospects this year after strongly increasing their sales revenues in the first half despite a setback in their home market.

BMW boosted its group worldwide sales revenue to DM 9.68bn ($3.29bn) in the first six months of this year, 18 per cent ahead of the corresponding period last year.

Audi, which is almost entirely owned by Volkswagen, lifted its first-half sales revenue by 23 per cent to DM 4.9bn.

Half-year comparisons, however, are distorted by the labour conflict over shorter working hours, which halted much of West Germany's car assembly for more than six weeks in May and June last year. Some manufacturers, including BMW and VW/Audi, took a severe knock in the first half of last year because of the dispute but made up a large part of their lost production and sales as a result of extra shifts of work later in the year.

Herr Eberhard von Kuenheim, BMW's chief executive, said yesterday that, even allowing for this distortion, BMW had put up a "successful" performance in recent months. He told the shareholders' meeting in Munich that production and sales of cars and motorcycles this year would exceed last year's totals.

BMW produced 234,366 cars in the first half of this year, compared with 196,835 in the strike-hit first half of last year and 210,683 in the first six months of 1982. Motorcycle sales reached 19,800 compared with 14,599 a year earlier and 14,913 in the first half of 1982.

BMW has been regaining ground in its home car market after being particularly severely hit by the market decline late last year and early this year. The whole West German market, with the striking exception of Daimler-Benz, was hit by uncertainty over plans for tighter exhaust emission controls.

Audi's domestic sales declined 9.4 per cent in the first half of this year to 74,300 from 81,995 in the same period last year

On the other hand, Audi boosted sales in European export markets in the first half of this year by 11 per cent to 73,000. In the U.S., Audi sold a record 8,050 cars in May, but despite that its U.S. sales in the first half of this year were 7 per cent down at 37,000.

Porsche sales chief quits

BY OUR FRANKFURT STAFF

PORSCHE, the West German prestige car maker, said yesterday that its top sales executive, Herr Jon Nedelcu, was leaving after little more than 18 months with the company.

Herr Nedelcu, who is 45, was previously head of BMW Iberica in Spain, and before that he was in Ford's sales and marketing operations for 16 years.

Porsche gave no reason for Herr Nedelcu's departure from the company's management board but said he would leave at the end of this month by agreement with the supervisory board, the body which represents shareholders.

Porsche, which went public with a share issue last year, has embarked on a major investment programme aimed at expanding production and sales. It made substantially increased net profit of DM 92.4m ($31.5m) on sales of DM 2.49bn in its financial year to July 31 1984.

In the six months to last January 31 sales revenue was running 7 per cent ahead at DM 1.37bn.

Noranda confident despite losses

By George Milling-Stanley in London

NORANDA, Canada's largest natural resources group, remains confident about prospects for the remainder of 1985 in spite of the surprise increase in its net loss between the first and second quarters of the year.

Noranda lost a net C$14.4m (U.S.$10.66m), or 19 cents a share, in the three months to June 30, following a loss of C$9.9m in the first quarter. The latest figure compares with profits of C$21.4m, or 10 cents a share, in the second quarter of 1984, restated to reflect a change in the method of accounting for oil and gas operations.

Noranda said yesterday that results for the second half should represent an improvement on the loss of C$24.3m recorded for the opening six months, once economic growth is resumed after the traditional summer lull.

"With stocks of most commodities quite low, this could result in stronger markets and prices," the group said.

Lower prices during the first half meant that earnings from metals and minerals, before borrowing costs, were only 40 per cent of last year's level. There was a loss in manufacturing as improved results from copper fabricating were offset by weak prices for aluminium and the continued shutdown of one of the group's three potlines.

Noranda's forest products interests registered an improvement, but only because of the adverse impact on the previous period of a labour dispute.

In a separate development, the Australian stockbroker J. B. Were and Son has successfully completed the placing of 40m shares at a price of 50 Australian cents each in Noranda Pacific, a new company which will group Noranda's gold exploration interests in Australia.

EUROBONDS

First Euroyen floater launched

BY MAGGIE URRY IN LONDON

THE EUROYEN market took another step towards liberalisation yesterday with the launch of the first Euroyen floating-rate note, for Crédit Foncier, while the opening of the Euroyen zero-coupon market by Swedish Export Credit is expected soon.

Crédit Foncier's Y15bn issue, which has been expected for some days, is led by IBJ International and has a French Government guarantee. The 12-year issue pays interest at 1/16 per cent above six-month London interbank offered rate (Libor) for yen – currently 6¾ per cent. The proceeds are thought to be earmarked to repay a syndicated loan that paid a margin over Japanese long-term prime rate, which is 7½ per cent.

The issue carries commissions of 18 basis points, and traded well inside that level at a discount to the par issue price of around 4 basis points. More issues are likely, although the Euroyen market is small and the bonds cannot be sold into Japan, the main source of demand for floaters, for six months.

Meanwhile, the Eurodollar market was again unsettled by the decline of the currency and no new fixed-rate issues were launched. Hongkong and Shanghai Bank launched a $400m perpetual floater, led by Lloyds Merchant Bank, paying an interest rate of ¼ per cent over six-month Libor. Fees of 35 basis points were lower than on some of the earlier perpetual issues by banks which, like this, count as primary capital. However, the bank is a good credit and the paper was finding good demand in the Far East.

The New Zealand dollar Eurobond new issue market was active once more, with borrowers hoping to tap demand from investors looking for high coupons and a stronger currency than the U.S. dollar. Two issues were launched, each of NZ$50m, while Morgan Guaranty increased its issue for DG Bank from NZ$50m to NZ$75m in response to strong demand.

The first deal launched was for Christiania Bank with a three-year life and 16¼ per cent coupon with a par issue price. Lead manager is Banque Paribas. The other was also a three year issue for Privatbanken, led by Morgan Stanley. This has a 16⅜ per cent coupon and 100¼ issue price. Both are swaps into floating-rate dollars.

The Australian dollar sector also saw a new deal, an A$50m issue for Rural and Industries Bank of Western Australia. This matures in 1988 and pays a 13¼ per cent coupon with a 102 issue price. The issue price was set at that level because of the related swap. Merrill Lynch is the bookrunner on the deal. Fees total 1½ per cent and the bonds were quoted within that level.

The expected European currency unit issue for Électricité de France emerged under the lead managership of Banque Nationale de Paris and comes with the usual state guarantee.

The deal raises Ecu 150m and has a 12-year life. The coupon was set at 9 per cent and the issue price will remain open, although a minimum of par is expected. Fees total 2⅛ per cent, and the issue was trading inside the 1½ per cent selling concession.

Soditic finalised terms for First City Financial Corp's SwFr 125m dual-currency issue at a 7¾ per cent coupon and a $2,800 redemption amount for each SwFr 5,000 bond.

Swiss franc bonds were little changed to slightly firmer in quiet trading yesterday. The issue for Nippon Telegraph and Telephone which has a 5¼ per cent coupon, fell by ½ point yesterday, its second day of trading, to a level of 98¾ which compares with an issue price of 99¾.

● Pirelli, the Italian tyres and cables group, will raise £40m in sterling as part of plans for a foray into the Euro-currency convertible market. The offering, which is to be twinned with issues of $50m and DM 100m, may go ahead this month.

International bond service, Page 22

DnC seeks to raise $200m

By Peter Montagnon in London

DEN NORSKE Creditbank is to raise up to $200m in the Euromarkets through the launch of a Euro-commercial paper programme designed to diversify its sources of funds.

Credit Suisse First Boston, Merrill Lynch and Morgan Stanley are to be dealers in the paper, which has been rated A1 plus by Standard & Poor's, the U.S. credit rating agency.

This is only the third issue of Euronotes or commercial paper to be rated by Standard & Poor's after Commonwealth Bank of Australia and CSR Finance. It follows a growing belief in the marketplace that rating of issues will help dealers place paper with non-bank investors.

Den norske said yesterday its paper would be sold without underwriting back-up or tender panel system through the three designated dealers, which will bid for it and distribute it on a best-efforts basis.

The structure allows for interest rates to be set on an absolute basis without reference to a benchmark rate such as Libor (London interbank offered rate for Eurodollar deposits) and with same-day settlement of funds.

DAIWA EUROPE LIMITED

JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Prices Wrnt BID (%)	Wrnt OFFER (%)	Share Price (Yen)	Offer Calculations Premium (%)	Gearing	Premium/Gearing Ratio
CASIO 6/3/89	36.50	38.00	1,540	13.09	3.12	4.20
C ITOH 4/5/89	36.50	38.00	468	2.29	3.37	0.68
C ITOH 20/1/87	48.00	52.00	468	13.57	2.46	5.52
FUJIKURA CABLE 28/4/89	8.00	9.50	337	26.63	8.48	3.14
HAZAMA GUMI 1/11/89	10.00	11.50	381	37.35	7.15	5.22
J S R 28/4/89	6.50	8.00	364	32.50	9.50	3.42
JUSCO 22/12/88	74.00	78.00	825	24.00	1.83	13.14
KAYABA 15/2/89	14.50	16.00	326	9.06	6.45	1.40
KUMORI PRINT 20/12/89	18.50	20.00	2,200	11.36	5.45	2.08
MARUZEN 12/2/90	10.50	12.00	525	23.93	8.00	2.99
MINEBEA 20/2/89	34.00	36.00	593	76.27	2.09	36.56
MIT CHEM 20/1/87	88.00	93.00	460	39.18	1.43	27.36
MIT CORP 7/11/88	38.50	40.00	703	0.58	3.40	0.17
MIT GAS 20/3/89	22.00	23.50	400	2.28	4.81	0.47
MITSUI E/S 15/10/88	10.00	11.50	170	10.67	8.44	1.26
MITSUI E/S 10/12/87	30.00	32.00	170	11.74	3.78	3.10
MIT METAL 10/2/89	81.00	86.00	615	43.77	1.47	29.72
MIT METAL 10/11/89	10.50	12.00	615	27.60	7.28	3.80
MITSUI PET CHEM 15/2/90	26.50	28.00	420	14.09	4.24	3.33
NIPPON MIN 17/3/89	87.00	91.00	453	26.16	1.60	16.37
NIPPON MIN 15/6/90	18.00	19.50	453	25.26	5.01	5.04
NISSHO IWAI 1/2/89	16.50	18.00	301	10.41	5.75	1.81
NOMURA 31/10/88	89.50	91.00	1,390	0.15	2.05	0.08
OHBAYASHI GUMI 5/4/89	49.00	52.00	364	4.80	2.65	1.81
OMRON TATEISHI 31/3/89	6.50	8.00	1,350	83.27	6.82	12.21
ONODA CEMENT 10/4/89	45.00	48.00	370	2.09	2.87	0.73
ONODA CEMENT 28/2/90	21.50	23.00	370	15.90	4.88	3.26
OPTEC DAI-ICHI 23/2/90	16.00	17.50	640	19.86	5.93	3.35
OSAKA TRANSFORMER 29/1/90	10.00	11.50	436	30.62	7.72	3.97
RENOWN 24/1/89	9.50	11.00	700	24.18	7.85	3.08
RYOBI LTD 25/5/90	10.50	12.00	407	14.15	8.37	1.69
SEINO TRANSPORT 17/3/89	11.50	13.00	1,080	20.60	6.65	3.10
SEIYU STORES 20/3/87	54.00	56.00	605	43.64	1.88	23.19
SONY CORP 26/4/90	16.50	18.00	3,820	37.09	4.98	7.46
SUMI CONSTRUCTION 24/3/89	43.00	47.00	272	7.46	2.78	2.69
SUMI HEAVY 24/2/89	12.00	13.50	236	6.79	7.60	0.89
SUMI REALTY 21/11/89	69.50	71.00	890	−0.30	2.43	−0.12
TOKYO ELECTRIC 14/3/89	6.50	8.00	975	55.49	8.36	6.64
TOKYO SANYO 8/6/87	149.00	153.00	670	65.44	1.00	65.46
TOKYU CORP 29/1/90	47.00	48.50	412	1.01	3.13	0.32
TOKYU DEPT 20/7/90	16.50	18.00	506	17.10	5.71	2.99
TORAY 5/3/87	14.50	16.00	483	8.62	6.44	1.34
TOYO ENG 28/2/89	54.00	56.00	726	46.84	1.85	25.32
YAMAMURA GLASS 8/5/90	10.50	12.00	495	15.41	8.25	1.87
YAMATO KOGYO 29/1/90	9.50	11.00	560	22.13	8.63	2.57

Reuters Monitor DABF/G/H/I/J - Further information from: Freddy Glock, Simon Gamse or Beverly Kelly on 01-248 [illegible] Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

Sika hopes to seal its success in U.S.

SIKA, a leading international producer of building chemicals and sealants, plans a big assault on the U.S. market as part of a strategy to broaden its geographic spread and product range, writes Andrew Baxter, recently in Zurich.

The Swiss-based group, best known for its additives to improve the workability and strength of concretes, is hoping to reduce its dependence on the cyclical European construction industry, hitherto the backbone of its business.

"The U.S. market now has No 1 priority," said Herr Emil Rebmann, senior vice-president for finance at the Sika Finanz parent company.

While Sika is well-known in industry, it is hardly a household name, despite claiming world leadership for several of its products. The company does not sell in the highly-visible do-it-yourself market, and its additives and sealants are by their nature unlikely to be on view when a building is completed.

At the same time, Sika's executives, with typical Swiss reticence, prefer to stay out of the limelight. However, Sika's 75th birthday this year called for a little celebration, and last month the company let its corporate hair down – by Swiss standards, at least – by inviting 1,200 employees and guests to a marathon six-hour banquet, interlaced with brass bands, drum majorettes, speeches and cabaret acts.

The anniversary comes half-way through a decade that has not been easy for Sika. Group net earnings stuck obstinately at about SwFr 15.5m a year from 1981 to 1983, depressed by the recession in the building industry, exchange-rate factors and acquisition costs. However, profits last year rose 13 per cent to SwFr 17.4m ($6.97m) on sales of SwFr 670.8m, and Sika hopes for further improvement as it taps new markets.

Although Sika has had a U.S. subsidiary since 1936, it had for many years been starved of investment, Mr Rebmann indicated. This policy had been reversed as Sika realised its best opportunities for growth lay in the U.S. Mr Rebmann said this was because the U.S. market, despite being very competitive offered "freedom and capitalism."

The nature of Sika's products makes expansion in the U.S. a different proposition from that of many other European companies. Concrete additives in particular have to be sold as part of a package including mixing advice, dosage equipment and troubleshooting. Otherwise the risk of misuse, and hence possible structural problems, can harm reputations.

This rules out straightforward acquisition of a company, which may not have the expertise to sell such products, particularly if all its best salesmen leave after the takeover – as several European companies have found to their cost.

Instead, Sika plans to "grow by our own means," according to Mr Rebmann. To this end Sika has in the past few weeks bought the fixed assets of Hunt Process, a West Coast manufacturing company, for $4m. It did not buy the company itself but will use the plant to make a wide range of Sika products for the Californian market.

Sika's North American turnover rose 37.5 per cent last year to SwFr 79.8m. This compares with a 6.4 per cent rise in Europe, and an increase of just 1.9 per cent in South America, where Sika has been active in recent years.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 11.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amex Credit 10⅞ 90	100	101¾	102¼	−0½	−0⅛	10.31
Amex Credit 12⅝ 88	150	106⅜	106⅞	−0½	−0½	10.18
Bank of Tokyo 13⅝ 91	100	112¾	113¼	−0⅝	−0¾	10.57
BP Capital 11⅛ 92	150	102½	103	−0⅛	+0⅜	10.49
Caisse Nat Tele 13¾ 91	100	113⅞	114⅜	−0½	+0⅛	10.43
Canada 11½ 90	500	105¾	106¼	−0½	+0⅛	9.81
Canadian Pac 10¾ 93	100	102⅛	102⅝	−0½	+0¼	10.29
Canadian Pac 12½ 89	75	108¼	108¾	−0½	−0⅜	11.26
CBS Inc 11⅜ 92	100	102⅜	102⅞	−0½	−0¼	10.81
Chevron U.S.A. 12¼ 89	600	104¾	105¼	−0¼	−0⅛	10.69
Citicorp 11½ 95	150	101⅝	102⅛	−0⅜	+0⅛	11.17
Coca Cola 11¾ 91	100	106⅞	107⅜	−0¼	+0⅜	10.13
Denmark Kingdom 11¼ 89	100	102⅞	103⅜	−0½	−0⅜	10.20
Denmark Kingdom 11½ 90	100	104⅞	105⅜	−0⅜	+0¼	10.09
Denmark Kingdom 11½ 92	100	103⅞	104⅜	−0½	+0¼	10.59
Denmark Kingdom 13¼ 91	100	111⅝	111⅞	−0½	−0⅛	10.58
Denmark Kingdom 14 91	100	109⅞	110⅝	−0½	−0½	11.54
E.E.C. 11⅛ 90	100	103¼	103¾	−0⅜	+0⅛	10.09
E.I.B. 12 95	200	107⅝	108⅛	−0⅜	0	10.65
E.I.B. 13 96	200	111⅛	111⅝	−0¼	0	11.15
Export Dev Corp 12 89	100	106¼	106¾	−0⅜	−0⅛	10.03
Ford Motor Cred 11⅜ 90	100	102⅝	103⅛	−0¼	0	10.52
Ford Motor Cred 11⅝ 95	100	102⅝	103⅛	−0¼	+0¼	11.19
Ford Motor Cred 11¾ 92	100	102⅞	103⅜	−0⅜	0	11.05
Ford Motor Cred 12 95	100	105½	106	−0½	−0⅛	10.98
Gen Elec Credit 10¼ 00	200	100⅞	101⅜	−0⅛	+0¼	10.09
GMAC 10¼ 89	200	101⅛	101⅝	−0¼	+0⅜	9.89
IBM Credit 10⅝ 2000	300	101¼	101¾	−0½	−0⅛	10.16
Indust Bk Japan 12⅞ 89	100	109¼	109¾	−0¼	−0⅜	9.98
Japan Air Lines 13⅝ 94	100	118½	119	−0⅝	−1¼	10.11
Kellogg Company 10⅞ 90	100	102½	103	−0⅝	+0⅛	10.05
Kellogg Company 11¼ 92	100	103⅝	104⅛	−0½	−0¾	10.37
L.T.C.B. 12⅞ 91	100	109¼	109¾	−0⅜	−0⅛	10.70
Macy Cred Corp 11¾ 95	100	104⅝	105⅛	−0½	−0⅛	10.88
Mellon Bank 13 87	100	105⅝	106⅛	−0¼	0	9.78
Merrill Lynch 12¼ 89	100	105¾	106¼	−0⅛	+0½	10.87
Minnesota 11½ 87	100	103⅝	104⅛	−0⅛	+0¼	9.46
Mitsui Trust 11⅝ 90	100	103⅞	104⅜	0	+0¾	10.51
Morgan Guaranty 12⅜ 89	150	106⅜	106⅞	−0½	−0⅛	10.33
Nippon Cred Bk 13⅞ 89	100	110¾	111¼	−0½	−0⅛	10.37
Nth America 12⅞ 91	100	107⅜	107⅞	+0⅛	+2⅛	11.09
Penney J.C. 12¾ 91	100	108	108½	−0⅜	+0¼	10.83
Pru Realty secs 12⅛ 95	546	106⅞	107⅜	−0½	+0¼	10.86
Quebec Hydro 11½ 92	100	103¼	103¾	−0⅝	−1⅝	10.76
Ralston Purina 11¾ 95	150	105½	106	−0½	+0⅛	10.76
Ralston Purina 12¾ 89	100	108	108½	−0½	+0⅜	10.23
Royal Bk Can 12¾ 92 XW	100	102¼	103	+0⅛	+0⅛	12.11
Saskatchewan 10 3/4 92	100	101⅝	102⅛	−0⅝	+0¼	10.32
Saskatchewan 11 7/8 89	100	106¼	106¾	−0⅝	−0⅜	9.92
Statoil 13½ 89	100	110⅞	111⅜	−0⅝	−0⅜	10.01
S Wales Trsy 12¾ 90	150	104½	105	−0⅞	−0¾	10.42
Swed Exp Cred 10 92	100	97⅞	98⅜	−0¼	+0⅜	10.38
Swed Exp Cred 12¾ 89XW	100	107⅝	108⅛	−0⅜	0	10.39
Sweden Kingdom 10⅞ 90	200	102⅜	102⅞	−0⅜	−0⅛	10.14
Sweden Kingdom 11½ 89	200	104½	105	−0⅝	−0⅛	10.06
Sweden Kingdom 11¾ 94	100	106⅝	107⅛	−0⅝	−0⅛	10.54
Texaco Capital 12⅞ 87	300	106¼	106¾	−0⅛	+0⅜	9.35
Tokai Asia 11½ 95	100	103⅜	103⅞	−0⅝	−0⅜	10.87
Victorian Rep 11⅝ 92	150	104⅛	104⅝	−0⅜	−0½	10.67
World Bank 12¼ 94	150	109⅝	110⅛	−0⅜	−0½	10.52
World Bank 12⅞ 94	200	112⅝	113⅛	−0½	−0¼	10.59

Average price change On day −0⅜ on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev Bank 8 94	200	104	104¾	+0⅛	+0⅛	7.32
Austria Republic 7⅝ 94	200	103⅝	104⅛	0	+0⅛	7.02
Baxter Travenol 7¼ 94	250	101⅛	101⅞	0	0	7.00
Credit National 8⅛ 94	200	105⅞	105⅞	0	+0⅝	7.23
Degussa Int Fin 7½ 94	100	102¾	103½	−0⅛	−0⅛	6.99
E.E.C. 8 92	200	103½	104½	−0⅞	−0½	7.29
E.I.B. 7¼ 94	300	100⅝	101⅝	+0⅛	+0¼	7.07
Escom 8 92	150	99¼	100	+0⅜	−0½	8.06
Ferrovie Dello Stato 8 91	100	102⅞	103⅝	0	+0⅛	7.27
Finland Republic 7 92	200	99½	100¼	0	+0½	7.01
Gould Int Fin 7⅝ 91	100	103⅛	103⅝	+0⅛	0	6.90
Ireland 8⅛ 92	150	104¼	105	+0⅜	+0⅝	7.24
Japan Fin Corp 7⅝ 91	100	103¼	103¾	0	+0⅜	6.89
Mitsubishi Hvy 3½ 89WW	300	125	126	−1	+4⅛	−2.89
Mitsubishi Hvy 3½ 89XW	300	90½	91¼	−0⅛	−0¼	6.32
Mitsubishi Met 3⅝ 89WW	100	100½	101½	−0⅛	0	2.88
Mitsubishi Met 3⅝ 89XW	100	88	88¾	+0⅛	+0⅜	6.19
Pepsico O/S Fin 7¼ 94	250	103⅜	104⅛	0	0	6.66
Renfe 7¾ 95	100	101⅛	101⅞	+0¼	+0¼	7.52
Renown 3⅝ 90	80	103⅞	104⅞	−0⅜	−0½	2.19
Reynolds O/S Fin 7⅜ 94	125	102½	103¼	0	−0¼	7.03
Societe Cent Nucleaire 8 91	100	104⅞	105⅝	−0½	+0⅝	6.90
Sth African Tran 7⅝ 92	100	96¼	97	+0⅛	0	8.24
World Bank 7¾ 89	100	102	102¾	+0⅛	0	6.96
World Bank 8 94	200	105½	106¼	+0⅛	−0⅛	7.85

Average price change On day −0⅛ on week +0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev Bk 6¾ 94	100	† 101¾	102	+0⅜	+0½	5.98
Avon Cap Corp 5⅝ 94	130	† 99	99¼	0	+0¼	5.49
Brit land Comp 6½ 99	75	† 103½	103¾	+0½	+0¾	6.11
Council of Europe 6 92	120	† 101	101½	+0⅛	−0⅛	5.78
Creditanstalt 5½ 94	100	† 98¼	98½	+0¼	+0¾	5.72
Deutsche Bk Fin 5⅝ 95	100	† 101	101¼	+0⅝	+0¼	5.22
E.I.B. 5⅞ 94	120	† 101¼	101¾	0	+0⅞	5.68
Export Dev Corp 5⅝ 92	125	†* 100	100¼	+0½	0	5.35
Gen Occidentale 4½ 94	80	† 102½	102¾	+0¾	−0¼	4.15
I C Industries 5⅝ 94	125	† 100¼	100½	0	+0¼	5.57
Ind Fund Fin 5¾ 94	40	† 100½	100¾	0	−1½	5.66
Int-Am Dev Bk 6⅛ 94	120	† 101	101¼	0	−1	5.98
N.Zealand steel 5¾ 96	70	†* 98¼	98½	−0¼	+0¼	5.94
Oberos Ktwk 5⅝ 95	100	† 98½	98¾	+0½	0	5.56
Ralston Purina 5⅝ 94	125	† 100	100¼	0	−0¼	5.35
Santos Finance Ltd 6 94	130	† 98¾	99	0	0	6.16
Tokyo Elec Pwr 5½ 93	120	† 99¼	99½	−0¾	−0¾	5.60
Tokyo Metropolis 5¼ 94	80	† 98½	98¾	0	0	5.44
World Bk 5¾ 94	150	† 101¼	101½	0	+0½	5.56

Average price change On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Austria Republic 7 95	30	100½	101	−0¼	+0½	6.89
BP Overzee 7 92	17	101	101½	−0⅛	+0½	6.75
Finland Republic 6¾ 90	15	100	100½	−0⅛	+0½	6.88
Mort Bk Denmark 7 92	10	100½	101	−0⅛	+0¾	6.85
World Bank 6⅝ 90	25	100	100½	−0⅛	+0½	6.55

Average price change On day −0⅛ on week +0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia Com 13¼ 90SA	40	102⅞	103⅞	0	+0⅜	12.27
Avco Fin 14 90 SA	35	103½	104½	0	+1⅛	12.84
BT Aust. 13⅞ 92 SA	40	103¼	104¼	0	+0⅛	12.98
Westpac 13½ 88 SA	50	104¾	105¾	0	+1⅛	11.25
British Columbia 12 90 C$	125	† 103¾	104¼	0	−0⅛	10.95
Can Nat Rail 12½ 95 C$	100	† 106⅛	106⅝	+0¼	+0⅜	11.36
Chrysler Cred 12⅜ 92C$	80	† 104	104½	0	+0¼	11.59
Desjardins 12½ 90 C$	50	† 103¼	103¾	−0⅛	+0⅛	11.50
Genstar Fin 11¾ 95 C$	75	† 97⅛	97⅝	−0¼	0	12.22
New Brunswick 11⅝ 95C$	75	† 102¼	102¾	0	+0⅜	11.19
Shell Canada 11¼ 92 C$	75	† 101⅝	102⅛	−0⅛	+0⅜	10.85
Nordic Inv Bk 16 90 NS	50	100¼	101¼	0	+0⅜	15.71
NZ Forest 15¾ 92 NS	30	96¼	97¼	0	0	16.46
Woolworth 16¼ 91 NS	25	99⅝	100⅛	0	−1⅛	16.34
N.Z Govt. 9¼ 90 ECU	100	102⅜	102⅞	0	+1⅜	8.57
N.Z Govt. 9½ 92 ECU	100	102½	103	−0⅜	+0⅜	8.94
Rabobank 9⅝ 95 ECU	75	108	108¾	+0⅜	+1⅞	8.63
Eurofima 7½ 92 FL	50	102⅜	102⅞	+0¾	+0⅞	6.99
Philips Lamps 7½ 90 FL	100	102	102½	+0⅛	+0⅜	6.92
Rank Xerox 8 90 FL	100	104⅜	104⅞	+0¼	+0⅜	6.83
Van Lanschot 7½ 90FL	50	102	102½	0	+0½	6.94
World Bank 7½ 90 FL	150	102⅛	102⅝	+0⅛	+0⅜	6.90
Gaz de France 11¼ 00FF	500	100⅛	100⅝	+0⅛	+0¼	11.18
Amer Express 11⅜ 92 £	30	103⅝	104⅛	−0¼	+0¼	10.52
Australia Comm 11 92 £	40	99¼	99¾	−0⅛	+0¾	11.08
BP Capital 10¾ 92 £	50	98⅝	99⅛	0	+0⅜	10.97
E.I.B. 11⅛ 93 £	50	101	101½	0	+0½	10.86
Imp Chem Inds 11¼ 95 £	75	100½	101	+0¼	+0½	11.11
Inco 12¾ 93 £	50	103	103½	0	+0⅛	12.08
Mcdonalds 10⅞ 90 £	40	99	99½	0	+0⅛	11.08
Norsk Hydro 11⅛ 91 £	50	101¾	102¼	−0⅛	0	11.10
Privatbanken 11⅞ 92 £	20	100	100½	−0⅛	−0⅛	11.79
Rank Xerox 11 92 £	40	99⅜	99⅞	+0⅛	+0½	11.06
Royal Trustco 11⅜ 90 £	30	100½	101	+0⅛	+0½	11.13
Ster Drug Cap 10⅞ 90 £	30	99	99½	0	+0⅝	11.06
Swed Exp Cred 11⅜ 92 £	50	100¾	101¼	+0⅛	+0¼	11.19
Trusthouse Forte 11⅛ 90£	50	98¾	99¼	+0⅜	+0⅞	11.38
World Bank 11¼ 95 £	100	102¾	103¼	+0½	+1¼	10.73
E.C.S.C. 10½ 94LF	100	105⅛	106⅛	−0¼	0	9.54
Nat Lux Alum 10½ 92 LF	600	105½	106½	−0¼	−0⅛	9.30

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	100⅜	100⅝	11/10	9⅝	9.58
Banco di Roma 5¼ 92	0	99⅜	99⅝	24/8	7.98	8.02
BankAmerica O/S 5¼ 96	0⅛	100	100¼	28/6	8.81	8.80
Bank of Montreal 5 96	0⅛	100½	100¾	29/7	8¾	8.70
Bankers Trust 5 2000	0	99⅝	99⅞	11/6	9.81	9.84
Bankers Trust 5¼ 96	0⅛	100⅛	100⅜	13/8	8.56	8.54
B.F.C.E. 5¼ 99	0⅛	100⅜	100⅝	13/8	10.06	10.01
B.N.P. 5¼ 98 (July)	0¼	100⅛	100⅜	22/7	9⅛	9.10
C.C.F. 5¼ 97	0	99⅝	99⅞	22/8	10⅝	10.65
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/8	9.69	9.69
Citicorp O/S 5¼ 98 Sep	0⅛	99⅝	99⅞	19/12	11.19	11.22
Credit Lyonnais 5¼ 95	0⅛	100⅛	100⅜	11/10	9.06	9.03
Dresdner Fin 5¼ 89	0	99⅞	100⅛	29/8	9¾	9.36
Ireland 5¼ 97	0	100¼	100½	28/10	9.30	9.25
Ireland 5¼ 99	0	100½	100¾	14/8	10	9.94
Italy, Republic 5 94	0⅛	100¼	100½	13/11	8⅞	8.84
Lloyds Euro 5 2004	0⅛	100¼	100½	18/10	9⅛	9.09
Midland Bank Perp 5	0¼	99⅛	99¾	18/6	8	8.02
Nat West Perp 5	0⅛	100⅞	101⅛	13/11	9⅛	9.00
Nat West Perp A 5¼ S	0¼	99½	99⅝	9/7	8¼	8.30
Nat West Perp B 5¼ S	0¼	99½	99⅝	9/8	8½	8.28
Queensland Coal 5¼ 96	0¼	100½	100¾	13/11	9	8.94
Roy Bk Scot 5¼ 2005 £	0	99	99¼	3/8	12.81	12.88
Sweden Perp 5¼	0¼	100⅛	100⅜	9/7	8.44	8.41
Tokai 5¼ 99	0⅛	100¾	100⅞	13/9	8.94	8.88

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	102¾	103¾	−0¾	1.87
Fanuc 3¼ 98	1/84	7032.3	137⅝	138⅝	−1¼	30.84
Fujitsu 3 99	5/84	1320.6	77⅝	78⅝	−3⅜	13.79
Kumagai Gumi 3½ 2000	3/85	800	130¼	131¼	+1¾	1.57
Marui 3½ 99	7/84	1162	106⅝	108⅝	−0⅛	3.87
Mitsubishi Elec 2⅞ 00	3/85	422	94⅛	95⅛	−3⅜	−1.84
Murata 3½ 99	2/84	2351.2	84½	85½	−2⅛	21.15
Murata 3½ 2000	7/84	2396	83⅞	84⅞	−1⅜	33.56
Nippon Elec 2⅞ 2000	1/85	1285	79⅞	80⅞	−2¼	1.85
Nippon Oil Co 3 2000	3/85	929	106⅝	107⅝	−1½	−0.38
Nippon Oil Co 3¼ 99	3/84	1052	98	99	−1⅝	13.87
Oki Elec Ind 3½ 99	10/84	805	87⅝	88⅝	0	29.43
Orient Leasing 5¼ 98	6/83	2680	112½	114	−0½	−2.39
Sekisui House 3 99	8/84	812	116⅝	117⅝	−0¾	6.15
Sony Corp 2 2000	5/85	4576	85	86	+0½	0.88
Sumitomo Corp 2⅞ 99	5/84	593	129⅝	130⅝	−1	−2.52
Taiyo Yuden 3¼ 2000	3/85	1078	89	90½	−0⅛	−0.59
Takeda Riken 3⅝ 2000	10/84	7083	† 80	82	0	32.82
Tokyo Sanyo Elec 3½ 99	12/84	772	88	89	−2⅜	−2.16
Toshiba Ceramics 3 2000	4/85	1734.2	77¼	78⅛	−0¼	6.36
Nippon Oil Co 2½ 92 SF	3/84	1052	† 100½	100¾	+0¾	1.37
Nippon Shinpan Co 2 92 SF	3/84	801	† 102	102¼	−1⅜	18.84
Asics 5 92 DM	12/83	520	165⅞	166⅞	−0¼	20.57
Sum Realty 6¼ 92 DM	2/83	338	† 314	315	−5	−3.40

* No information available-previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The Kingdom of Belgium

£100,000,000

Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 10th July, 1985 to 10th October, 1985 the Notes will bear a Rate of Interest of 12⅛% per annum. The Interest Amount payable on 10th October, 1985 will be £3,197.95 per £100,000 Note.

County Bank Limited
Agent Bank

New Issue — This announcement appears as a matter of record only. — June 28, 1985

Bank of Greece

DM 500,000,000
Floating Rate Notes of 1985/1995

Issue Price 100% · Interest: LIBOR + ¼ per cent p.a. payable semi-annually in arrears in June and December · Final Maturity: June 1995 · Optional Redemption: The Notes may be called for redemption – by the Borrower on any interest payment date falling in or after June 1990 at par or – by any Noteholder on the interest payment date falling in June 1992 at par · Denomination: DM 10,000 and DM 250,000 · Security: Negative Pledge · Listing: Frankfurt/Main

COMMERZBANK AKTIENGESELLSCHAFT

BANK OF TOKYO (DEUTSCHLAND) AG — DRESDNER BANK AKTIENGESELLSCHAFT — MORGAN GUARANTY GMBH

AMRO INTERNATIONAL LIMITED — ARAB BANKING CORPORATION – DAUS & CO. GMBH — BANKAMERICA CAPITAL MARKETS GROUP

BANQUE BRUXELLES LAMBERT S.A. — BANQUE INDOSUEZ — BANQUE INTERNATIONALE A LUXEMBOURG S.A.

BANQUE NATIONALE DE PARIS — BARCLAYS MERCHANT BANK LIMITED — BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT

BERLINER HANDELS- UND FRANKFURTER BANK — CITIBANK AKTIENGESELLSCHAFT — COPENHAGEN HANDELSBANK A/S

COUNTY BANK LIMITED — CREDITANSTALT-BANKVEREIN — CREDIT LYONNAIS

DAI-ICHI KANGYO INTERNATIONAL LIMITED — DAIWA EUROPE (DEUTSCHLAND) GMBH — DEUTSCHE BANK AKTIENGESELLSCHAFT

DG BANK DEUTSCHE GENOSSENSCHAFTSBANK — GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN AKTIENGESELLSCHAFT — GOLDMAN SACHS INTERNATIONAL CORP.

HILL SAMUEL & CO. LIMITED — INDUSTRIEBANK VON JAPAN (DEUTSCHLAND) AKTIENGESELLSCHAFT — KIDDER, PEABODY INTERNATIONAL LIMITED

LTCB INTERNATIONAL — THE NIKKO SECURITIES CO., (DEUTSCHLAND) GMBH — NOMURA INTERNATIONAL LIMITED

ÖSTERREICHISCHE LÄNDERBANK AKTIENGESELLSCHAFT — ORION ROYAL BANK LIMITED — POSTIPANKKI

THE TAIYO KOBE BANK (LUXEMBOURG) S.A. — TRINKAUS & BURKHARDT KGaA — WESTDEUTSCHE LANDESBANK GIROZENTRALE

YAMAICHI INTERNATIONAL (EUROPE) LIMITED

New Issue — This announcement appears as a matter of record only. — July 12, 1985

IRELAND

DM 500,000,000
Floating Rate Notes of 1985/1997

Issue Price 100% · Interest: LIBOR + ⅛% until July 1993 and LIBOR + 1/16% thereafter, payable semi-annually in arrears in January and July · Final Maturity: July 1997 · Early Redemption: Possible at par at the Borrowers option on any interest payment date falling in or after July 1990 · Denomination: DM 10 000 and DM 250.000 · Security: Negative Pledge · Listing: Frankfurt/Main

COMMERZBANK AKTIENGESELLSCHAFT

BANKAMERICA CAPITAL MARKETS GROUP — DEUTSCHE BANK AKTIENGESELLSCHAFT — S. G. WARBURG & CO. LTD.

BANQUE PARIBAS CAPITAL MARKETS — BAYERISCHE VEREINSBANK AKTIENGESELLSCHAFT — CITICORP INTERNATIONAL BANK LIMITED

COUNTY BANK LIMITED — CREDIT LYONNAIS — CSFB-EFFECTENBANK AG

DAIWA EUROPE (DEUTSCHLAND) GMBH — DRESDNER BANK AKTIENGESELLSCHAFT — GOLDMAN SACHS INTERNATIONAL CORP.

MERRILL LYNCH CAPITAL MARKETS — SAMUEL MONTAGU & CO. LIMITED — MORGAN GUARANTY GMBH

MORGAN STANLEY INTERNATIONAL — ORION ROYAL BANK LIMITED — SALOMON BROTHERS INTERNATIONAL LIMITED

SHEARSON LEHMAN BROTHERS INTERNATIONAL — SWISS BANK CORPORATION INTERNATIONAL LIMITED — UNION BANK OF SWITZERLAND (SECURITIES) LIMITED

WESTDEUTSCHE LANDESBANK GIROZENTRALE

ALLIED IRISH BANKS PLC — AMRO INTERNATIONAL LIMITED — BANKERS TRUST INTERNATIONAL LIMITED

BANK OF TOKYO (DEUTSCHLAND) AG — BANQUE BRUXELLES LAMBERT S.A. — BANQUE INTERNATIONALE A LUXEMBOURG S.A.

BERLINER HANDELS- UND FRANKFURTER BANK — CREDIT COMMERCIAL DE FRANCE — DAI-ICHI KANGYO INTERNATIONAL LIMITED

DG BANK DEUTSCHE GENOSSENSCHAFTSBANK — FUJI INTERNATIONAL FINANCE LIMITED — GENERALE BANK

GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN AKTIENGESELLSCHAFT — INDUSTRIEBANK VON JAPAN (DEUTSCHLAND) AKTIENGESELLSCHAFT — KREDIETBANK INTERNATIONAL GROUP

LLOYDS BANK INTERNATIONAL LIMITED — LTCB INTERNATIONAL LIMITED — MANUFACTURERS HANOVER LIMITED

YAMAICHI INTERNATIONAL (EUROPE) LIMITED

INTERNATIONAL CAPITAL MARKETS

Dual-currency fad catches on fast

BY MAGGIE URRY

HOW FAR will the dollar fall? With the dollar teetering on the foreign exchanges, the Eurobond market has become engrossed by a mechanism which allows investors to profit from a limited fall in the U.S. currency—dual-currency bonds.

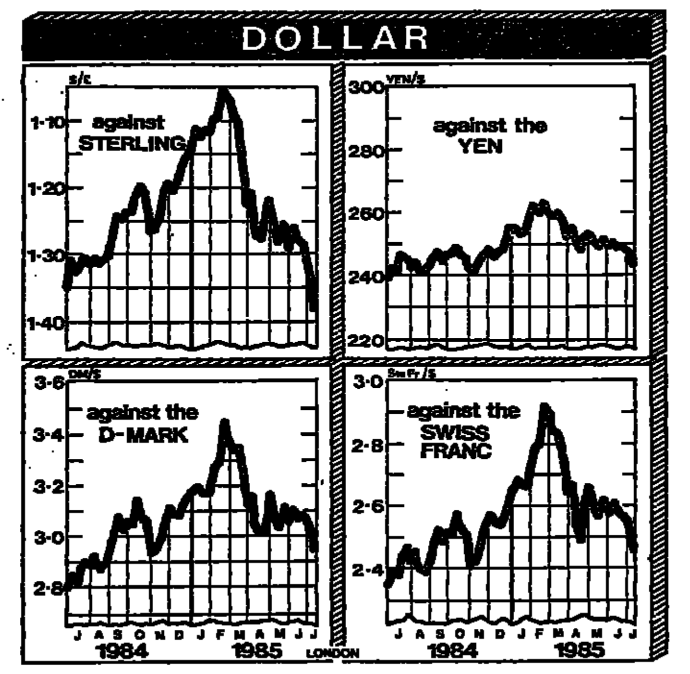
These dual-currency issues, where payment is made in one currency and redemption in another—usually dollars—at a pre-determined exchange rate, introduce the concept of a "break-even level." If the dollar falls so far and no further, investors benefit. If the currency goes down too far they lose.

The idea has pread like wildfire from the Swiss franc market and in the last week issues have been launched with D-mark, yen and sterling as the currency linked to dollars.

The Swiss franc market has developed a pocket of investor interest over the last four years, and there are a couple of dozen outstanding issues. So far this is not the case for the newly-added currencies and buying demand has been slow—in part because of the education process needed before investors are happy with the dual-currency concept.

Many analysts expect the dollar to fall steeply in the coming years and that means marketing a dual currency issue where investors have to rely on that fall being limited to a specific break-even point, which can be hard work.

To the borrowers the risk is often minimised at the outset. For instance, Export Development Corporation — the Canadian entity which launched the first D-Mark dual-currency issue—has covered its exchange ris kon the coupon payments at the start. Minnesota Mining and Manufacturing (3M), which reversed the usual formula of these issues by setting the repayment in sterling, has hedged its sterling risk already.



Swaps have been the driving force behind these latest issues with the borrowers achieving more than usually favourable rates. Further deals are likely if only because bankers can hardly resist th echance to set up a profitable swap.

In most cases investors in these issues benefit from a rise in the dollar, while being protected to some extent by a fall. In the EDC issue led by Deutsche Bank the coupon was set at 7¼ per cent whereas EDC might have paid 6¾ per cent for a straight D-mark issue with the same eight-year maturity. The extra coupon brings down the break-even rate to DM 2.50 to the dollar.

The criticism of dual-currency issues is often that investors are really buying a dollar bond, with a sub-dollar coupon. In EDC's case investors could have picked up two points or more in yield by buying a U.S. dollar issue with the same credit rating and maturity. But then they would be exposed to the exchange rate risk on the full amount of both interest and redemption, while the dual-currency issue brings a large part of the cashflow (the coupons) in D-marks.

Morgan Guaranty turned the dual-currency idea on its head with its issue for 3M, which gives investors the advantage of a rise in sterling rather than dollars. Repayment is in sterling, while the dollar coupon at 9¼ per cent is ¼ to ⅜ point higher than 3M would pay for a straight dollar deal.

This extra coupon protects investors against a fall in sterling down to around $1.33 to the pound—not far from the $1.3605 level at which the redemption amount was fixed. However, investors can hedge the sterling repayment through the forward market and lock into the higher coupon, when sterling is around $1.40.

Several bankers point out that investors who are convinced that the pound will rise against the dollar would do better to buy a sterling issue where yields are more than a point higher. However, some investors, such as dollar funds, are precluded fro mbuying non-dollar bonds, but would like to benefit from a dollar fall.

Like the sterling issue, the yen deal—for Farm Credit Corporation of Canada led by Goldman Sachs and Nomura International with SBCI and Wood Grundy—has the redemption amount set at the exchange rate at the time of launch with the coupon providing the offset to the currency risk. Here the coupon of 8⅝ per cent is well above that on conventional Euroyen bonds which might have dictated a yield of 7 to 7¼ per cent on the issue.

HOW THE NEW INSTRUMENT WORKS

DUAL - CURRENCY bond issues were pioneered in 1981 by Soditic, the Geneva-based Swiss bank which has won a reputation for innovation in what has been a conservative market. While issues have continued to be launched in the Swiss-franc foreign bond market, usually with great success, it is really only now that the concept has spread into other currency sectors

The basic mechanism of the issues remains the same, although refinements are continually being added. A typical Swiss franc issue will generally be launched on the public foreign bond market, meaning a minimum eight-year maturity. The issue price will be set in Swiss francs, with a redemption value in dollars of a set amount per SwFr 5,000 bond.

For example, in the current issue for First City Financial, led by Soditic, the issue price for each SwFr 5,000 bond is par, and the redemption amount has been fixed at $2,800. So when the bonds are repaid in 10 years' time investors will receive dollars at an effective exchange rate of SwFr 1.79 to the dollar, which compares with the current exchange rate of close to SwFr 2.50.

At current rates a Swiss investor could buy $2,000 for his SwFr 5,000. But by buying the dual-currency bond he is guaranteed a redemption amount of $2,800, whatever the exchange rate then prevailing. If this is higher than SwFr 1.79, he will make more than his initial outlay of SwFr 5,000 when converting the principal back into Swiss currency.

For example, if the exchange rate stays the same, in 10 years' time the investor will be able to convert back his $2,800 to give SwFr 7,000. If the dollar falls to the SwFr 1.79 level, the investor will receive SwFr 5,000—the same as his initial investment. If on the other hand the dollar rises, the investor benefits even more.

So the investor is protected against a fall in the dollar down to the level of the exchange rate given by the set redemption amount.

In practice, the investor is protected even more because the coupon he receives, in Swiss francs, is usually set at a higher level than it would be for a straightforward Swiss franc issue. By calculating the benefit of the extra coupon, over the life of the issue, the investor can work out a "break-even" exchange rate at which level he would have done as well by buying an ordinary Swiss franc issue from the same borrower. If the dollar falls below that level then he is worse off buying the dual-currency issue.

INTL. COMPANIES & FINANCE

Sales of Japan's compact cameras slow sharply

BY CARLA RAPOPORT

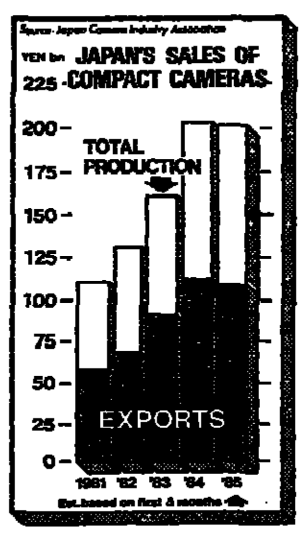
JAPAN'S SALES of compact 35mm cameras—the Wunderkind of the camera industry over the past five years—are slowing dramatically.

According to industry statistics released this week, sales and exports of compact cameras are expected to show little or no growth this year. Only last year, Japan's exports of compact cameras leapt by 24 per cent, with domestic sales up by 18 per cent.

Japanese camera manufacturers have about 80 per cent of the £1.1bn-a-year worldwide market for the compact cameras which have extended the 35mm market beyond the traditional single-lens reflex (SLR) models.

The fall-off in growth for the little cameras does not provide good news for the industry. Industry observers point out that camera makers have yet to come up with another product with the same commercial appeal as the compacts. Further, production of the small cameras has not yet fallen in line with sales, so many observers predict margins on the cameras to drop precipitously as manufacturers cut prices further to hold up sales.

Production of the compact cameras increased by 10 per cent in the first fivemonths of this year, while the value of domestic sales of the cameras dropped by 0.4 per cent in the same period. This was the first drop in sales for five years. Exports, which account for about 70 per cent of production, increased by only 4 per cent in monetary terms to Y45.6bn ($187m) for the five months.



The slow down in camera sales in the face of increasing production has caused some manufacturers to rethink their domestic rebating policies. Traditionally, retailers receive rebates from manufacturers based on sales volumes. This has led to heavy discounting by larger retailers at the expense of the smaller shops.

Using the same amount of funds as rebates, some manufacturers are now giving rebates to those retailers which prevent price erosion even if volumes are small. Industry observers are now predicting that the value of sales for compact cameras this year will be around Y200bn.

For the camera industry as a whole, the value of sales are currently running level to those of last year domestically, with the value of exports down slightly on last year. Last year, total exports were up by 10 per cent in value, thanks largely to the success of thecompact.

The Japan Camera Industry Association acknowledged this week that the demand for compact cameras is "approaching a high plateau." Nonetheless, the trade association said the industry was not "losing speed" and pointed to a number of innovations in the SLR camera which are aimed at revitalising this important market.

Production of SLRs increased by 19 per cent in the first five months of this year, but exports, which account for about 80 per cent of the total, were stagnant in unit terms and down slightly in monetary terms in the period.

Honda to take 10% stake in Telco

By R. C. Murthy in Bombay and K. K. Sharma in New Delhi

HONDA MOTOR of Japan is to take a 10 per cent stake in Tata Engineering and Locomotive Company (Telco), India's leading producer of commercial vehicles, as part of a technology accord which will assist it to break into the passenger car market.

An agreement signed between the two companies in Tokyo yesterday envisages an initial 1987 output of 10,000 cars, based on the Honda Accord. This is due to rise to some 40,000 over the following five years.

Telco is to invest Rs 2bn ($161.8m) in the project, at a plant to be located adjacent to its existing truck manufacturing facilities in Poona, some 125 miles (200 km) south of Bombay.

Honda's stake, which will be acquired through an expansion of Telco's capital, is expected to be worth some Y5bn ($20.5m). As a shareholder it will join Daimler-Benz of West Germany, which has long-standing links in supplying technology for commercial vehicle production and holds about 13 per cent of Telco's existing equity.

The Accord, Honda's new four-door subcompact, as produced by Telco will have an unspecified indigenous content. By 1991, however, it is intended to become almost wholly domestically produced.

Under the agreement signed between Mr S. Moolgaokar, chairman of Telco, and Mr Tadashi Kume, Honda's president, the Japanese company will supply the technology needed for the venture. The deal remains subject to the approval of the Indian Government.

The announcement came in conjunction with results from Honda for the first quarter to May. These showed a 59 per cent jump in net profits to Y45.28bn ($185.4m) against Y28.48bn. At the pre-tax level earnings reached Y94.77bn compared with Y66.07bn, on sales of Y731bn against Y669bn.

Singapore's Monitor to close

BY CHRIS SHERWELL, SOUTH EAST ASIA CORRESPONDENT

SINGAPORE'S ONLY English language evening newspaper, the Monitor, is to stop publication at the weekend, just a year after its parent company merged with its greatest rival to create a controversial newspaper monopoly.

The move, which also closes the Monitor's Sunday morning edition, leaves the field clear in the island's English language market for the daily Straits Times, which publishes in the morning.

A statement yesterday from the Monitor's parent, Singapore News and Publications (SNP), said the five-year-old paper had exhausted its initial capital of S$S20m (US$9.1m) and that the company itself owed $6.6m. The shareholders, which include some of Singapore's biggest banks, could not justify further capital injections.

SNP merged last year with the rival Straits Times Press and Times Publishing, its sister company, to form Singapore Press Holding, one of the biggest media groups in Asia with a market capitalisation of $1.4bn.

At that time there were assurances that competition would be preserved in Singapore's newspaper industry, and yesterday's statement insisted that the Monitor's closure was a consequence of trading difficulties which would have materialised even without the merger.

JAPANESE RESULTS

CASIO COMPUTER
OFFICE ELECTRONICS

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	234	200
Pre-tax profits (bn)	20.67	19.98
Net profits (bn)	9.09	8.88
Net per share	47.91	48.42

CONSOLIDATED

MITSUBISHI HEAVY INDUSTRIES
HEAVY MACHINERY

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	3,457	3,330
Pre-tax profits (bn)	114.07	60.62
Net profits (bn)	40.38	27.38
Net per share	15.77	10.83

CONSOLIDATED

TAISEI
CONSTRUCTION

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	1,146	1,076
Pre-tax profits (bn)	31.46	35.16
Net profits (bn)	12.21	13.54
Net per share	15.77	17.48

CONSOLIDATED

TORAY INDUSTRIES
SYNTHETIC FIBRES

Year to	Mar '85 Y	Mar '84 Y
Revenues (bn)	794	757
Pre-tax profits (bn)	26.89	17.98
Net profits (bn)	13.65	12.68
Net per share	11.44	10.61

CONSOLIDATED

NOTICE OF REDEMPTION

PRIVATBANKEN A/S

NOTICE TO THE NOTE HOLDERS OF 12¾% NOTES

DUE 6TH FEBRUARY, 1995

Notice is hereby given that pursuant to the terms of the 12¾% Notes, US$6,090,000 principal amount of 12¾% Notes has been drawn by lot by the undersigned, in the preesnce of a notary public, for redemption on the 12th August, 1985.

The said 12¾% Notes so called for redemption will therefore be redeemed on the 12th day of August, 1985 at 101% of the principal amount so called, plus accrued and unpaid interest to the date of redemption if applicable upon surrender of the said Notes with, thereto attached, all interest coupons, maturing 6th February, 1986, and thereafter at any of the *following paying agents:—*

— Manufacturers Hanover Limited, 7, Princes Street London EC2P 2EN.

— Manufacturers Hanover Bank Belgium S.A./N.V., Brussels Head Office, Rue de Ligne 13, B-1000 Brussels.

— Manufacturers Hanover Bank Luxembourg, S.A., 39 Boulevard Prince Henri, Luxembourg.

— Manufacturers Hanover Trust Company, Stockerstrasse 33, 8027 Zurich.

Notice is also hereby given that interest upon Notes so called for redemption shall cease to be payable from and after the said redemption date, namely the 12th day of August, 1985 and coupons for interest maturing after the said date, namely the 12th day of August, 1985, shall be void.

The numbers of the Notes so called for redemption are:

00353	00579	00693	02020	02680	03168	03261	03288
03712	04693	04834	04976	08569	09442	09457	10432
10851	11300	15520	15586	15623	16582	16854	16913
17502	18176	18554					

Also, all Notes of which the last two digits of serial numbers are any of the following:
07 09 36 40 52 71

The principal amount of 12¾% Notes outstanding after the said redemption date will be US$55,580,000.

MANUFACTURERS HANOVER LIMITED
Principal Paying Agent

12th July, 1985

UK COMPANY NEWS

Tony Jackson looks at Siebe's latest purchase

Taking a fresh breath of air

IF FIRST reactions in the stock market are anything to go by, the engineering company Compair is an undesirable property.

On yesterday's announcement of Compair's purchase by fellow-engineer Siebe from I. C. Gas, Siebe's shares slumped initially by 55p to 580p (they later recovered to 565p), while I. C. Gas shares celebrated the ocasion by jumping 18p to 323p.

The reality may be more complex. In the market's eyes, it was never quite clear why I. C. Gas bought Compair in the first place.

As an exploration company in the North Sea and elsewhere, I. C. Gas might have seen Compair — the world's third largest maker of compressed air equipment—as a partner in certain aspects of drilling technology. However, Compair's financial performance after its £55m acquisition by I. C. Gas in 1980 was not encouraging—in the year to April 1984, it lost £0.8m at the pre-tax level.

The market's reaction to the divestment by I. C. Gas is therefore hardly surprising, even if Compair has now sharply improved its performance in the latest year to a pre-tax profit of £3.2m.

As for Siebe, the slump in the share price may well have less to do with the logic of the purchase than with the manner of its financing.

Siebe, whose shares are tightly held, is proposing a very heavy rights issue — on a one-for-one basis—at a discount of around one-third to the previous market price.

Apart from the natural effect of such an issue, the market's highly nervous state is not presently suited to companies making ambitious cash calls for the purpose of doubling their size (Siebe's turnover last year was £212.6m; Compair's £216.2m).

However, Siebe has a better case than most for claiming that elusive quality in acquisitions, synergy. Managing director Mr Barrie Stephens says: "The product fit round the world is spot on. We are engineers with a profound knowledge of fluid engineering, and they specialise in gas engineering.

"For the past 40 years, we have licensed equipment of theirs for breathing apparatus and diving equipment. In the last three years we have licensed their resuscitation equipment. And in Australia, for example, they do all of our servicing and some specialised manufacturing."

In terms of the origins of the two companies, the relationship is close. Siebe effectively invented diving technology, and until recently was a manufacturer of air bottles and other diving equipment for the consumer market—it now makes only for military uses.

The vital element in diving, of course, is compressed air. Compair is the world's third biggest supplier of compressed air equipment, after Ingersoll Rand of the U.S. and Atlas Copco of Sweden.

More important these days, however, is the garage market. In the past three years Siebe has embarked on an ambitious acquisition programme — first Rieth & Co of Germany, a mechanical engineering group, in 1982, then Siebe North of the U.S., a leading maker of safety equipment, in 1983, and later the same year Tecalemit, a big producer of garage and filtration equipment.

"We sell a great deal of garage equipment," says Mr Stephens. "That calls for a lot of compressed air. At present we buy very few Compair compressors. We aim to remedy that."

An important aspect of the Compair deal is that it will reduce Siebe's gearing. The previous three acquisitions were all debt-financed, with slightly unnerving effects on Siebe's balance sheet.

Eighteen months ago, Siebe's borrowings were around the same size as its shareholders' funds. By the latest year end—helped by much improved profits from Tecalemit—gearing had dropped by 74 per cent. After the rights issue and acquisition, the figure will fall further to 63 per cent.

Siebe takes the view that Compair's prospects will push gearing down further again. "They're superbly equipped," Mr Stephens says. "I C Gas invested in them heavily—and, splendidly—across a very wide range. They're one of the best specialist engineers in Western Europe."

The acquisition, however, is only one shot in Siebe's locker. The group is remarkably diverse already. It makes fire engine ladders, protective equipment including gas masks against nuclear or bacteriological attack, and wound dressings and sterile solutions for the U.S. health care industry.

As a bonus, it claims to be the UK's biggest manufacturer of filters for the lager and wine industry.

Bold though the Compair deal looks, Siebe is evidently a company to watch. "There is an element of the aggressive conglomerate about them," says one City analyst, "and they're getting to the stage where their size might make that credible."

SIEBE PROFITS SURGE TO £17M

WITH pre-tax profits showing a rise of £5.82m in the 53 weeks to April 6 shareholders of Siebe are to receive a 2.25p bigger dividend of 11.8p, the final being 8.17p.

The directors say they are confident that the excellent prospects for the group, which will be enhanced by the acquisition of Compair, will enable them to continue to pursue a progressive dividend policy.

Pre-tax profits for the 53 weeks rose from £11.31m to £17.13m on the back of a £56.57m improvement in turnover to £212.63m—comparisons were for 52 weeks.

Tax accounted for £7.43m (5.32m) to leave net profits at £9.7m, compared with £6m. There were minorities of £1.47m (£607,000) and extraordinary debits of £2.67m, up from £1.38m.

Earnings emerged 9.4p ahead at 43.9p per 25p share.

Kelvin Watson down as forecast

In line with the prediction made in the interim statement, pre-tax profits of R. Kelvin Watson, Manchester-based optician, fell from £578,439 to 452,760 in the year to March 31 1985.

During the first quarter of the current year the retail practices have been relatively quiet after the busy months of February and March.

However, the directors say sales of contact lens, The Kelvin Eurothin, have been encouraging and the group has become market leader in gas permeable contact lens supply.

It is pointed out that although the retail market will undoubtedy expand as a result of the amended legislation, a more commercial and competitive approach is required for established optical companies in order to benefit from an increased public awareness.

The group is developing all its major sales divisions and is confident that if present trends continue, results in the current should improve.

Turnover for 1984/85 rose from £9.02m to £10.1m. Tax accounted for £175,317 (£250,402)

Earnings per 10p share emerged at 8.2p (9.88p).

SIMON ENGINEERING has purchased through a new subsidiary the business and certain of the assets of Macawber Engineering from the joint receivers and managers. Final consideration will be approximately £1m in cash.

Cannon Street back with USM listing

BY LUCY KELLAWAY

Cannon Street Investments, whose shares were suspended in 1974 following the collapse of its secondary bank subsidiary, Cannon Street Acceptances, has re-emerged on the USM.

Application has been made for an introduction of the shares, and dealings are due to start on July 18.

In 1974 the company was prevented from going into liquidation when National Westminster, which had £18m in loans outstanding, agreed to convert some £3.5m into equity, gaining control of 64 per cent of the company.

After a steady programme of asset sales the loan had been repaid by 1979 and in March this year Mr Bill Hislop, the chairman and managing director, mounted a £1.4m bid for the company, paying 12½p a share. He acquired the full NatWest stake, some of which was subsequently placed. Mr Hislop currently owns 48 per cent of the company.

Cannon Street is now a holding company with three main subsidiaries: P. M. Tamson, which distributes 25,000 different items of laboratory equipment in Holland; Gift Hampers, which packs and sells Christmas hampers to the wholesale trade; and Richard Sankey, which makes plastic flowerpots and other garden products.

Last year the company made profits of £373,000 pre-tax on sales of £13.8m,

Following the issue of £1m convertible preference shares earlier this year, gearing has been reduced to around 100 per cent.

Hicking Pentecost cash call to aid knitwear investment

AS THE attributable losses approach £1m for the year ended March 31, 1985, textile manufacturer and commission dyer Hicking Pentecost, has decided on an ambitious investment programme in new technology for its lossmaking knitwear business.

It is proposing to raise some £1.75m net by an underwritten rights issue of up to 3,827,200 shares at 50p each, on the basis of 3-for-2. This will strengthen the capital base and immediately be utilised in reducing debt.

Trading losses and reorganisation costs of recent years have led to a significant reduction in accumulated reserves and an increase in core borrowing requirement, which is currently some £2m. Also the financing requirement rises on a seasonal basis through the summer by a further £2m to finance the knitwear business.

Consequently, the level of borrowing is disproportionately relative to the size of the company, the directors explain.

They intend that the company should return to the dividend list as soon as prudently possible; but do not expect this to happen in the current year. The last payment was a 2p interim in respect of 1982-83.

In the year ended March 31, 1985, turnover fell to £12.69m (£13.4m), gross profit to £1.73m (£2.06m), and at the pre-tax level there was a loss of £380,000 (profit £26,000). Adding £569,000 for a further provision to complete the knitwear reorganisation and improve the finishing, dyeing and commissioning business, brings the attributable loss up to £949,000 (£374,000).

Since Mr Stephen Hyde became managing director last December, he has organised an assessment of the group's position and of the further action necessary to restore profitability.

The current year will see the beginning of a significant programme of change aimed at generating a recovery in fortunes. Immediate objectives are to eliminate the losses and improve performance. Senior managers are being made more accountable and financially disciplined, and this is backed up by greater personal incentives, including the proposed introduction of a stock option scheme.

The directors stress that the programme is ambitious and will take time, money and skill to implement. However, they believe the business will become soundly based, profitable and capable of further expansion and development.

Majority of turnover is derived from the knitwear operations, with the balance from the commission dyeing and finishing of knitted fabrics and laces. The latter's performance fell substantially short of the previous year, with the profit at £25,000 (£265,000).

Underwriters to the issue are Robert Fleming and brokers are Laing & Cruickshank. Provisional allotment letter will be sent on July 26 and last day acceptances is August 19. Dealings, nil paid, are expected to start on July 29.

UK COMPANY NEWS

Tadcaster strike pegs Imps growth

THE STRIKE at the Tadcaster brewery last November has restricted profits growth at Imperial Group. Although pre-tax figures rose from £90.7m to £96.3m for the half year to April 30, 1985, the directors say the result would have been significantly higher had it not been for the dispute.

First-half turnover of the group—which has interests in tobacco, foods, brewing and leisure—increased from £2.18bn to £2.44bn, net of intra group sales. The directors say the greater partof profits will again be earned in the second half, but various factors make forecasting at this stage particularly difficult.

At the annual meeting in March, they had predicted a useful advance for the first six months.

Imperial Tobacco profits improved from £55.7m to £66.8m in the half year. The division had an extremely strong six months, with the successful marketing of its leading brands and heavy trade buying ahead of the Budget.

However, the directors say second-half profits will be lower due to a combination of high trade stocks at the start of the period, some reduction in cigarette volumes following tax increases well in excess of inflation and growing competition from the ultra low price segment of the market.

In the brewing and leisure divisions, the impact of the Tadcaster strike reduced profits by over £5m. Within the total figure of £32.5m (£32.2m), trading results were up by £1.8m as the company began to see the benefits from recent heavy investment in its pubs, while profits from sales of licensed properties were down £1.5m to £4.8m. The second half is expected to show a substantial improvement in overall profits.

The directors say the food division had an excellent first half, with profits up from £12.1m to £15m. The improvement was due to strong performances across the division, with nearly all companies making an increased contribution. However, a protracter strike at the four Golden Wonder factories, which began at the end of May, will have a serious impact on the division's results for the second half.

The Howard Johnson result remains unsatisfactory, the directors state losses were higher at £8.6m (£2.8m) and again the main difficulty was on the restaurant side. The lodges and hotels were able to improve their market position in what is traditionally the low season.

The group's interest payments increased by £3.4m, partly reflecting the transitional funding needs of the new hotel developments at Howard Johnson, prior to entering into management contracts.

At the AGM the company said it would make an announcement as soon as possible on the future of the Howard Johnson Co. following the completion of the major review into its performance and prospects put in hand last year.

The company had hoped to be in a position to make that announcement by now. However, the detailed discusions with third parties, which were essential before the board could decide whether to retain Howard Johnson within the group or recommend its disposal, have taken rather longer than expected.

These discussions are still in progress, and an announcement of the board's decision, one way or the other, will be made at the earliest moment.

The group is maintaining the interim dividend at 3p net per per 25p share—last year's total was 8.55p on £220.6m pre-tax profits.

First-half operating profits improved from £97.3m to £105.8m, struck before share of associates' profits of £1.3m (£1.5m) and interest charges, less investment income, of £10.8m (£8.1m).

Tax took £27.6m (£28.2m restated)—the group's overall rate of corporation tax is again expected to be lower in 1985, with an effective rate of 28.7 per cent.

There were extraordinary credits this time of £4.6m (£15.8m debits), with reorganisation and closure costs more than offset by extraordinary profits from property sales, including the disposal of the Reading brewery site.

The shares yesterday closed 9p lower at 170p.

See Lex

Rothmans' shares hit low as profits slump

Rothmans International's shares yesterday hit a low of 133p for 1985 after Sir Robert Crichton-Brown, the chairman, disclosed a near £30m fall to £121.9m in full year taxable profits.

The results were considerably adrift of forecasts from City analysts who, after making projections of between £170m-£175m last month, had expected the group to at least maintain 1983-1984's level of £151.2m. The shares closed last night at 134p, down 16p on the day.

In addition to yesterday's statement, Sir Robert has sent out a separate letter to shareholders because he fells "there are aspects of these results that deserve explanation."

He attributes the downturn to depressed worldwide demand for tobacco — particularly acute in Europe—and problems stemming from intense competition at the Canadian brewing subsidiary, Carling O'Keefe.

West Germany was the core of Rothmans' tobacco problems and accounted for £23.3m of £32.2m of exceptional costs, while Carling O'Keefe's switch to a new shaped beer bottle cost a £12.5m write-off in stocks.

Disregarding the exceptional items, Sir Robert says "the underlying results for our tobacco subsidiaries and for brewing cannot be regarded as satisfactory, particularly when we take account of currency movements."

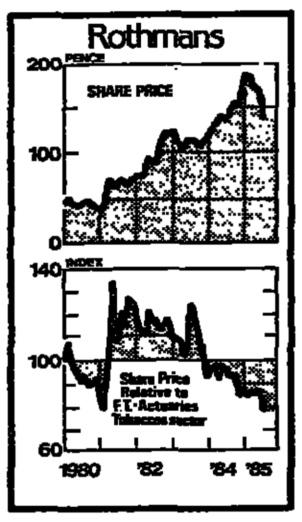
Rothmans has two-thirds of the UK's cigarette export sales and these are mainly dollar denominated. Overall, currency translations in the year to March 31 benefited group profits by about £9m.

Net sales revenue from tobacco advanced from £1.57bn to £1.77bn but after the exceptional items operating profits emerged virtually static at £158.8m, against £158.6m.

Gains were made on the luxury consumer products side (profits rose £20.4m to £47.5m) and in other areas which produced a more than doubled contribution of £26.4m, but these were offset by the slump from £42.7m to £4.2m in brewing.

Sir Robert says the outlook for the group's tobacco business is overshadowed by the continuing need for rationalisation but he is confident that problems in Europe will be solved although "we have some further distance to go before a stable economic base has been reached." Elsewhere on tobacco, however, the associate companies in Australia, Malaysia, New Zealand and Singapore continue to perform well.

Regarding Carling O'Keefe, he says that volume has been lost in the course of the competitive battle and the industry has suffered from industrial disputes. "There is as yet no clear indication when more stable conditions will return," he says.



Total turnover in 1984-85 amounted to £1.6bn, against £1.51bn, excluding sales taxes and duties. Operating profits were down from £171.6m to £147.5m, after exceptional items.

The tax charge was higher at £54.8m (£46.5m) leaving fully diluted earnings per share down at 14.2p (24.6p), which gives a dividend cover of just over twice—the final dividend is being raised by 0.2p to 4.2p lifting the total to 6.5p (6p).

● comment

Rothmans International's shares have been falling from a 200p peak ever since the Canadian companies announced their disastrous results in May. But news of the full extent of the group's difficulties, accompanied by a down-beat statement from the new chairman, sent the shares down another 16p to 134p. Carling O'Keefe emerges as the company's biggest immediate problem—locked into a cut-throat battle for market share Carling cannot afford to give any quarter, committed as it is to a £100m investment programme in new brewing capacity. Meanwhile, at the heart of the group, revitalising the European tobacco business, particularly in West Germany, is proving more difficult to do than could have been expected. It is just as well then that the group's associates—both the tobacco companies in the Far East and elsewhere, and the luxury and other goods companies especially Dunhill and Rowenta—are performing strongly. But these part-owned businesses cannot compensate for the weakness of the wholly-owned companies—as is clear from the 42 per cent plunge in earnings per share. With the prospect of some recovery in the current year, the shares on a 9.8 multiple should not fall much further, but a more aggressive move away from tobacco is needed to win investor's approval.

Disputes leave Birmid £1m down

POOR FIRST quarter figures, which were exceptionally affected by reduced demand in central heating and prolonged industrial disputes in the mining and automotive industries, have left pre-tax profits of Birmid Qualcast over £1m down at six months.

However, the directors say that subsequent trading has shown a stronger trend and with prospects for the second half described as encouraging they are lifting the interim dividend from 0.66p to 0.75p net.

Taxable profits for the 26 weeks to May 1985 fell from £4.79m to £3.68m, reflecting the cautious indications given by this foundry products group earlier in the year.

Turnover pushed ahead from £108m to £111.78m, but operating profits fell by £600,000 to £4.87m before taking account of net interest charges, which rose from £687,000 to £1.2m.

● comment

Birmid Qualcast's first quarter (November-January) was marked by the miners' strike, disruptions in the motor industry, low demand for both heating and kitchen products —which combined to drag the interim pre-tax below forecasts. Importing foundry coke at 40 per cent above pre-strike price levels would have added some £½m to foundry costs; the 20 per cent drop in demand for central heating boilers left a lot of stock on the shelves which pushed up interest costs (as did higher gearing and higher rates). Having introduced a hover mower of its own the company abandoned its annual television duel with Flymo on the merits of rotary versus roller blades. And all that rain has kept the grass growing nicely. In the second half the battle is on to try to regain ground and reach last year's profits level. The £½m being spent on promoting discounted boilers is, however, mainly aimed at clearing the stockrooms. Ritual pessimism from the group has made the analysts wary but most expect profits for the year to be only just below that of 1983-84, at around £11m. This has the shares on a prospective p/e of 6.4 at 85p still trading at a considerable discount to the sector. No wonder it says "no bidders or hawkers, please," on the foundry gates.

Rank advances to £63m with all-round progress

Rank Organisation, the leisure concern, lifted pre-tax profits by 31 per cent from £47.8m to £62.8m in the 28 weeks to May 11, 1985. Trading results of the continuing directly managed Rank companies were 43 per cent higher at £24.5m, against £17.1m.

Sir Patrick Meaney, the chairman, says the results provide evidence of the further corporate progress in performance and profitability indicated in the comments made in the last annual report and at the AGM in March.

As part of the long term strategy to increase direct ownership by Rank and phase out cross holdings—the directors of Rank Precision Industries (Holdings) announced the sale of its 70 per cent shareholding in Rank Precision Industries Ltd (RPI) to the Rank Organisation.

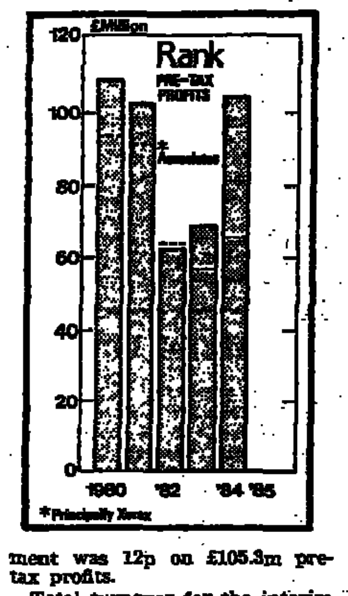
One consequence of this is that A. Kershaw and Sons which holds 39.6 per cent of the ordinary share captial of Rank Precision Industries (Holdings) will receive £28.1m. The directors of Kershaw—which is itself 81.8 per cent owned by the Rank Organisation—declared an interim dividend of 4p per share and a special interim dividend of 80p per share. Kershaw's share price went up from 300p to 365p.

The companies within RPI—Rank Cintel, Rank Electronic Tubes, Rank Pullin Controls, Rank Taylor Hobson and RPI Overseas—now become wholly owned subsidiaries of the Rank Organisation.

All divisions contributed to the profits improvement at Rank Organisation, with larger gains coming from the businesses of hotels, Top Rank clubs, film exhibition, Rank Taylor Hobson and Strand Lighting.

The group's share of Rank Xerox profits was £38.9m (£35.6m), while the share from remaining associate interests was £2.8m (£1.4m).

Stated earnings per 25p share for the 28 weeks rose from 12.5p to 16.9p and the net interim dividend is increased to 5p (4.8p) — last year's total payment was 12p on £105.3m pre-tax profits.



Total turnover for the interim period was lower at £211.8m (£249.8m), although continuing businesses increased to £207.7m (£178m). Trading profits totalled £25.3m (£21.8m), associates added £41.7m (£37m) and interest charges were reduced from £11m to £4.2m. After tax of £24m (£19m), minorities and prefrence dividends, attributable surplus emerged at £34.2m, against £25.3m.

Total financing costs of £7.5m consisting of interest charges and Australian preference share dividends were £5.7m lower than in the similar period last year, reflecting a reduction in debt and a small decrease in interest rates. Closing total net debt showed a reduction of £147.3m on the same period last year.

The continuing programme of business improvement and reorganisation progressed throughout the period. Disinvestment of inappropriate or loss-making activities realised £86m in cash, including the previously reported sale of the Canadian and Belgian investment properties, plus the interest in the Greater Union Organisation and, in addition, the Housewares operation in Australia, Telestage, and four small holiday and caravan sites.

A. Kershaw and Sons, a Rank subsidiary, made pre-tax profits of £1.32m (£1.35m) for the 28 weeks. Earnings per 5p share were unchanged at 3.6p. The company's main asset is its holding in Rank Precision Industries (Holdings) of 43.2 per cent of cumulative preference shares and 39.6 per cent of ordinary shares.

Kershaw is paying an interim dividend of 4p (same) plus a special interim of 80p out of the special payment to be received from Rank Precision.

Rank Precision Industries (Holdings) increased pre-tax profits from £23.7m to £26.9m in the period.

● comment

Grand strategic blueprints are still not much in evidence at Rank, but that is not a lack at which shareholders currently have any reason to complain. Returns in most of the Rank-managed businesses are improving quite smartly — profits in film haove nearly doubled, while an 8 per cent rise in hotel urnover raised profits by 116 per cent. Even the losses in that ill-advised investment, package tourism, should be smaller than last year. If the Rank management can continue to squeeze growth out of these supposedly mature assets, it can also justify ploughing cash back into them, rather tha nleaping off at a tangent. As Rank itself performs better, the role of its non-managed assets is becoming more ambiguous. Telecom Plus has at least stopped losing money, but in the ned should surely be either controlled or sold. For the major associate business — Rank Xerox — the position is no clearer; its growth remains relatively disappointing, even setting aside the adverse impact of currency. But tidying up the Kershaw tangle — buying in Kershaw's stake in the Rank Precision operations — does provide a clear and independent way to value the Rank Xerox investment. Yesterday, by hoisting Kershaw as high as 365p, the market did not seem to be doing this too efficiently; for net funds, the value of Kershaw shares cum the 80p special dividend is more like 300p.

Applied Holographics rights

BY STEFAN WAGSTYL

Applied Holographics, which raised £2.25m to develop a new process for making holograms when it was floated on the USM last year, is asking shareholders for another £2m with a rights issue.

The company is also raising a further £1m by issuing shares to NBS, a Canadian charge card company, which will take a 10 per cent stake in Applied.

At the same time, the group has announced a major boardrom shake-up which will leave only one of the five directors who brought the company to market a year ago still in place. Mr Ossie Boxall, the chairman who himself joined the company in January, is bringing in new directors, among them, Mr Clive Raymond, president of NBS.

Mr Boxall said he planned to switch the company's emphasis from research and development to marketing. So far the company has sold just three of its copiers, which are claimed to produce holograms more cheaply than other processes, but two more sales are on the way. Mr Boxall hopes to be selling 12 to 15 copiers a year, costing up to £200,000 for each system, in a year's time.

On turnover of £103,760, Applied made a loss of £1m in the year to the end of March—largely made up of £849,000 written off in research and development costs. A further £334,000 has been written off in costs incurred in previous years.

As part of the deal with NBS, Applied and NBS are setting up a joint venture company in Canada to sell hologram copiers in North America. NBS will put in £1m for a 67 per cent stake in the venture, Applied £200,000 for 33 per cent.

Applied has also signed an agreement with Ilford, part of the Ciba-Geigy group, which commits Ilford to setting up a holographic bureau in Paris at a cost of £500,000.

In the rights issue, underwritten by merchant bank Robert Fleming, shareholders and warrant holders are offered one new share at 90p for every three held. This is a deep discount to the market price of Applied shares, which closed at 235p, down 15p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Birmid Qualcast ......int.	0.75	Sept 13	0.66	—	3.25
British Building	1.15	—	1.75	2.5	3
First Leisure ....int.	2.5	Oct 30	2	—	6.5
Granada ....int.	2.53	Oct 1	2.3	—	6.4
Greycoat	1†	Oct 1	0.8	1.75	1.4
Imperial Group ......int.	3	Oct 31	3	—	8.55
Jones Stroud	4.5	Oct 12	4	7	6.5
Meadow Farm	4.5‡	Aug 21	—	6.4	—
A. Monk	4.5	Sept 2	4.5	6.5	6.5
Rank Org. ....int.	5.5	Nov 1	4.8	—	12
Rothmans	4.2	Oct 1	4	6.4	6
Siebe	8.17	—	6.3	11.8	9.45
Symonds Eng.	0.61	Aug 16	0.61	0.91	0.89
Tribune Inv. ....int.	0.6	Aug 16	0.55	—	2.25
R. Kelvin Watson	2.95	—	2.95	4.25	4.25
Webber Electro‡ ...int.	1.5	Oct 31	1	—	2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock.

LADBROKE INDEX
934-938 (+3)
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UK COMPANY NEWS

Dominic Lawson on the latest and largest merger in the UK independent oil sector

A bolt from the North Sea for the City

THE AGREED merger between Charterhouse Petroleum and Saxon Oil was a bolt from the North Sea for the City yesterday. But the concept of a merger and takeover among the myriad of small and medium sized UK oil exploration companies has become high fashion, and lies behind otherwise inexplicable share price movements in the sector over the past year.

Mr Bill Harrison of Schroder Wagg, merchant bankers to both companies before the deal, says "the merger talk in the independent oil sector is intense and has been going on for some time, and there is a gale blowing out there now. These two have had the guts to pull their fingers out, and actually get the job done."

At Schroder Wagg's offices in the City yesterday, Mr Tony Craven Walker and Mr John Heaney, the chief executives of Charterhouse and Saxon respectively, put a compelling case for the merger.

It will create the biggest spread of acreage in the UK oil scene owned by any independent company, with the exception of Britoil. Yet only three of those many blocks will see an overlap of interests.

While Saxon was busy trying to find someone to finance its share of the development of the Miller field, Charterhouse is sitting on a £50m cash pile. "Our combined cash flow will enable us to support a massive exploration programme," said Mr Craven Walker.

One of the main objectives of the merger is to forge an international company. The new company—Saxon Petroleum—has set up an "international directorate" to produce a plan for international expansion.

By balancing Saxon's development costs against Charterhouse's production, the group is unlikely to pay much tax over the next seven years, Mr Craven Walker claimed.

Although the 45p jump in Saxon's share price yesterday, suggests that it is getting the better of the merger, Charterhouse has been running into growth problems.

It had always grown by acquiring North Sea interests with equity, but as its share price slumped along with the rest of the sector, paper was no longer an attractive way to buy North Sea acreage. But as a company which has always detested the idea of using cash for acquisitions, a deal of the sort announced yesterday had become compelling logic for Charterhouse.

Since Charterhouse approached Saxon in April, the share prices of the companies have both fallen by about 25 per cent. But the relationship between the two companies' asset values and their share prices has remained constant. Otherwise, said Mr Craven Walker, the deal would not have been possible.

Perhaps the most surprising thing about the merger, is that for several months a major development in a notoriously chatty industry failed to leak out. According to Schroder Wagg, that is a testament to the lack of animosity to the merger among the directors and staffs of Saxon and Charterhouse.

In 1964, in the early years of North Sea exploration, the number of quoted oil companies barely reached double figures. The number now runs into three figures, with the great majority of the new entrants appearing in the past ten years, since the first North Sea oil production.

Within the industry, from such luminaries as Dr Colin Phipps, the chairman of the British Independent Oil Exploration Association, has come the admission that the sector is undermanaged, with the entrepreneurial talents in the North Sea far too thinly spread.

A second factor is the increasing expense of North Sea exploration, with wells being drilled in ever deeper and more hostile waters, such as West of Shetland, where the small company stands little chance of keeping up with the pace.

At a conference last year Mr Craven Walker, designated chief executive of the new company, put the argument starkly, although long before conceiving of yesterday's marriage bans.

"The smaller companies will be taking greater drilling risks because of the move into deeper and more hostile waters and the investigation of riskier prospects. These pressures will encourage rationalisation and the emergence of substantially larger and better diversified British companies."

Last August, Carless Capel and Leonard, a leading onshore explorer, used statements of this sort as the reasoning behind a £100m bid for fellow independent oil company Premier Consolidated Oilfields.

However, in a vicious scrap, Carles was beaten off by a vigorous campaign conducted in rather personal style by the redoubtable Premier chairman, Mr Roland Shaw. This illustrated one of the key problems for the North Sea's would rationalisers.

Oil exploration is a high-risk business and the companies are typically headed by aggressive, even charismatic, businessmen, often with a strong personal following among shareholders.

Such people will fight a hostile takeover with particular zeal and pasion, so that an agreed merger between companies has increasingly been seen as the only safe way to rationalise.

The main stumbling block to the deal between Saxon and Charterhouse must have been the means of accommodating all the personal ambitions of two very aggressive management teams, argues Mr David Gray, oil analyst at brokers James Capel.

There has been a few such details carried out in only the past few months. In April, Berkeley Exploration (in which Charterhouse holds a 22 per cent stake) made an agreed £10m bid for Anvil Petroleum. The companies said that the merged company would be able "to take advantageof strategic opportunities which are currently unavailable to each because of their relatively small size."

In May, Britoil struck a deal with Hadsom Petroleum, taking over the latter's UK interests for £28m.

Most spectacular of all was the three way merger tug of war between Clyde Petroleum, Aran Energy, Saxon Petroleum and Petrolex. In a whirlwind of deals over the past three months, Clyde bid for Petrolex, only to be topped by an agreed bid from Saxon, which was in turn gazumped at the last minute by another agreed bid, worth £15.8m, from Aran.

That incident was at the time a bitter blow for the ambitious Saxon, the chairman of which, Mr John Heaney, evidently decided that there must be a better way of growing big.

The mergers are in part offensive, in that they may enable the combined company to expand overseas, when such an option could not have been considered before. They are also defensive, in that the urge to consolidate will naturally come to sellers of a comodity which is losing its value, and thus stands in the way of organic growth.

Also the presence of Enterprise Oil on the scene may have led to some shotgun marriages. The former oil production arm of British Gas has made no secret of its acquisitive desires, which may lead smaller companies to merge before they get taken over.

See Lex

KIO holds largest stake in Hanson

BY CHARLES BATCHELOR

The Kuwait Investment Office, the London-based organisation which handles much of Kuwait's oil wealth, emerged yesterday as the largest shareholder in **Hanson Trust** with a stake of nearly 8 per cent.

Hanson, the broadly-based industrial holding company with interests in both Britain and the U.S., announced yesterday that the KIO held 111.2m shares or 7.93 per cent of its equity.

The KIO bought a sizeable number of shares last week when Hanson was forced hurriedly to place just over half of the 200m ordinary shares which became available as part of a £519m rights issue.

Hanson's broker, Hoare Govett, and its merchant banker, N. M. Rothschild, made a midnight placing of the shares with a small number of institutions after early hopes of a high level of application for the shares were dashed.

A large percentage of these shares went to the KIO though precisely how many was not clear. The KIO is understood to have already held an undisclosable holding—under 5 per cent—in Hanson before last week's placing.

Hanson's shares rose 4p yesterday to 186p to value the KIO holding at £207m.

At the end of Hanson's last financial year, September 1984, no one held a 5 per cent stake or more in Hanson, the company said.

Savoy launches public attack on THF chiefs

A PUBLIC row erupted yesterday between **Savoy Hotel** and **Trusthouse Forte**, which is seeking to acquire control of the group.

Yesterday, Savoy placed advertisements in the Financial Times and in The Times, attacking Lord Forte, THF Chairman, and Mr Rocco Forte, THF chief executive over their four-year attempt to gain control.

The Savoy directors said that criticism levelled at them by Lord Forte stemmed from the failure of his personal ambition to acquire control of the Savoy, which would give him control of Claridges, The Berkely and The Connaught Hotel in London.

Savoy said that while publicly Lord Forte has said he will never pay the "ridiculously inflated price" for shares he needs to win control he has been doing the opposite in private.

Trusthouse Forte has around 69 per cent of Savoy Group's equity, but because of the share structure it has only 42 per cent of the votes.

Last night THF said that Lord Forte and Mr Rocco Forte were reserving their legal positions in the face of Savoy's personal attacks.

THF, however, said that under its present management the Savoy Group has made a "woefully poor return on its £80m in assets."

Meadow Farm profits at £1.5m and expanding via acquisition

PROFITS before tax of **Meadow Farm Produce**, the USM supplier of meat to the catering trade, have expanded from £621,000 to £1.51m in the year ended March 29 1985, and a final dividend of 4.5p is recommended for a total of 6.4p. net.

Growth will be continued with the proposed acquisition for £2m of Southern Catering Meats (Tunbridge Wells) which is also a supplier of meat and pushed up its pre-tax profit from £181,000 to £299,000 in its year ended January 26 1985.

Meadow Farm has spent some £1.75m on buildings and equipment and further projects are in train. To eliminate the bank borrowings used and to provide for future expansion, the directors intend to raise some £2.83m net by the placing of 875,000 ordinary shares at 327p each, mainly with investment institutions.

The consideration for Southern Catering will be met by the issue of 579,710 ordinary shares. Of those, 289,855 will be retained as a long term investment by Mr Ivor Bramley, the founder of the company; the balance will be placed on behalf of the vendors at 327p per share.

The 1984-85 results for Meadow Farm include those of David A. Holding (Catering Butchers), which was acquired on October 15 last. Excluding the pre-acquisition result the profit before tax came to £1.28m.

Apart from the Holding purchase, the company consolidated and increased its sales to existing customers, built and opened on time the factory extension at Milton Keynes, and formed an important trading link with Marks & Spencer.

Cornhill Insurance buys 75% of French company

Cornhill Insurance, a member of the BTR Group, has purchased a controlling interest—over 75 per cent—in the Paris-based French insurance company **La Defense Mondiale SA**.

The holding has been purchased, for an undisclosed cash sum from the present two family shareholders of the company.

La Defense Mondiale specialises in commercial vehicle damage insurance. Its current assets amount to FFr 50m (£4.1m) and its premium income in 1984 amounted to FFr 200m (£16.3m). The company made a marginal profit last year.

Mr W. R. Treen, Cornhill's deputy general manager, said that Cornhill was still a predominantly UK insurance operation, but the aim was to expand its overseas operations on a carefully selected basis, looking for specialist insurance companies. La Defense Mondiale fitted into this category and the intention would be to keep it specialised and let it expand in its own specialist areas.

Cornhill will probably seek to buy the balance of the company in due course.

Plessey shows £3m fall after first three months

BY JASON CRISP

THE GLOOM surrounding the electronics sector has promised **Plessey** to give an early indication of results for the first quarter of the financial year which ended in June.

Sir John Clark, chairman of Plessey, told the annual meeting yesterday that management accounts showed pre-tax profits for the first quarter were £39m compared with £42m in the same period last year.

The fall in profits is significantly less than had been expected by analysts. The main reasons for the fall were the lower revenues from main telephone exchange equipment and a fall in net interest receivable.

Sales of the old TXE4 exchanges in the three months were substantially less than a year w2a1fifififiKfiisrhs- eta et etaoin previously as the product was being phased out. Production of TXE4 has now ended and Plessey has announced the closure of the Huyton plant which made it. Sales of System X, the new digital telephone exchange, have increased significantly but not sufficiently to replace the loss of TXE4.

The full details on Plessey's first quarter will be published as originally scheduled on August 15.

Stanelco agrees terms

Terms have been agreed for **Stanelco**, maker of induction heating equipment, to acquire Thermex-Thermatron, thereby broadening its product range and giving it access to the U.S. market. The consideration will be $1.8m to be satisfied by the issue of 4m ordinary shares.

Stanelco is controlled by Pavion International (formerly Sangers) and Thermax is the wholly owned U.S. subsidiary of that company. The shares being issued will be retained by the Pavion group as an investment.

Stanelco has also issued its results for the year ended February 28 1985.

Turnover came to £1.33m, compared with £630,000 the previous eight months' period, with the operating profit at £1,000 (£8,000). Interest received was also £1,000 (£10,000) to give a pre-tax balance of £2,000 (£18,000).

BANK RETURN

BANKING DEPARTMENT	Wednesday July 10 1985	Increase (+) or decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	4,930,473,280	— 271,582,077
Bankers Deposits	891,540,060	+ 74,778,856
Reserve and other Accounts	1,458,704,871	— 58,248,792
	7,295,271,211	— 254,822,013
ASSETS		
Government Securities	429,615,278	— 92,176,103
Advance & other Accounts	560,004,351	— 171,580,663
Premises Equipment & other Secs.	6,297,561,100	+ 12,853,839
Notes	8,821,093	— 3,912,584
Coin	269,389	— 6,502
	7,295,271,211	— 254,822,013

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in circulation	12,261,178,907	+ 23,912,584
Notes in Banking Department	8,821,093	— 3,912,584
	12,270,000,000	+ 20,000,000
ASSETS		
Government Dept	11,015,100	—
Other Government Securities	2,719,800,410	+ 53,872,599
Other Securities	9,539,184,490	— 33,872,599
	12,270,000,000	+ 20,000,000

BOARD MEETINGS

TODAY

Interims:—Britoil, Commercial Bank of the Near East, Priest Marians, TSL Thermal Syndicate.

Finals:—Elswick-Hopper, Johnson Matthey, Oldocre, Sumrie Clothes.

FUTURE DATES

Interims:—	
Boustead	Sept 11
Johnstone's Paints	Aug 1
Finals:—	
Atlantic Assets Trust	July 18
Bensons Crisps	Aug 7
Brongreen	July 15
Brunning	July 16
Gen. Consltd. Invest. Tst.	July 17
Independent Investment	July 18
Kitchen (Robert) Taylor	July 16
Mayfair and City Properties	July 17
Murray Smaller Markets Trust	July 22
Normans	July 16
Stoddard	July 18
Syltone	July 18

U.S. $100,000,000

The Sumitomo Trust Finance (H.K.) Limited

(Incorporated in Hong Kong)

12⅝% Guaranteed Notes Due 1992

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(c) of the Notes, US $7,000,000 principal amount of the Notes has been drawn for redemption on 14th August, 1985, at the redemption price of 101% of the principal amount, together with accrued interest to 14th August, 1985. The serial numbers of the Notes drawn for redemption are as follows:—

6	975	2076	3070	4205	5100	6133	7142	7896	8875	9883	10711	11806	12776	13710	14748	15799	16901	17929	19062
8	976	2089	3077	4209	5155	6135	7143	7925	8896	9901	10719	11807	12779	13729	14752	15835	16926	17937	19072
18	980	2105	3085	4248	5157	6141	7146	7928	8902	9921	10725	11809	12787	13732	14764	15855	16941	17941	19073
19	983	2116	3087	4263	5161	6149	7151	7932	8910	9943	10760	11812	12812	13744	14767	15869	16949	17942	19102
29	1020	2131	3135	4267	5192	6186	7160	7946	8914	9964	10781	11814	12816	13748	14799	15872	16956	17943	19146
41	1024	2139	3142	4280	5206	6188	7169	7948	8920	9968	10784	11815	12832	13761	14817	15873	16961	17969	19157
58	1025	2213	3185	4289	5209	6197	7203	7958	8931	9990	10801	11869	12854	13766	14825	15874	16979	17991	19171
67	1046	2226	3188	4299	5212	6214	7204	7971	8951	10013	10805	11898	12865	13784	14859	15934	16980	18017	19174
73	1049	2241	3198	4343	5223	6224	7208	8006	8954	10016	10823	11900	12876	13837	14862	15936	16996	18022	19181
86	1060	2246	3246	4345	5224	6227	7250	8010	8961	10017	10825	11912	12883	13850	14868	15988	16997	18023	19218
90	1066	2296	3254	4359	5239	6229	7258	8020	8967	10032	10827	11916	12886	13853	14873	16015	17028	18069	19219
100	1074	2316	3264	4363	5245	6235	7262	8026	8978	10042	10846	11924	12899	13880	14905	16065	17041	18072	19223
114	1125	2318	3284	4366	5250	6240	7266	8030	9000	10044	10857	11926	12902	13882	14911	16082	17052	18086	19259
123	1131	2332	3290	4376	5279	6246	7276	8051	9021	10045	10881	11936	12915	13887	14930	16091	17078	18092	19274
134	1132	2355	3304	4386	5288	6281	7286	8052	9029	10049	10883	11939	12952	13892	14944	16099	17083	18095	19277
142	1138	2358	3331	4396	5297	6296	7288	8072	9045	10054	10890	11944	12955	13903	14967	16100	17088	18104	19282
155	1159	2364	3333	4410	5325	6305	7290	8081	9054	10061	10893	11947	12994	13909	14970	16106	17140	18122	19291
165	1192	2386	3345	4416	5326	6332	7292	8126	9062	10067	10898	11977	12996	13913	15020	16145	17153	18149	19293
184	1204	2413	3347	4422	5355	6415	7294	8169	9073	10088	10948	12005	12999	13915	15051	16152	17171	18155	19308
204	1210	2430	3362	4425	5357	6419	7296	8171	9086	10094	10968	12012	13038	13922	15071	16153	17173	18187	19311
223	1230	2450	3381	4434	5360	6421	7298	8180	9092	10115	10984	12030	13043	13929	15072	16154	17198	18200	19328
248	1258	2455	3392	4460	5368	6423	7314	8231	9116	10124	11037	12039	13052	13934	15089	16160	17218	18205	19352
261	1278	2465	3414	4501	5377	6433	7345	8241	9126	10139	11053	12059	13059	14000	15147	16184	17252	18226	19359
303	1288	2488	3426	4533	5428	6438	7350	8244	9152	10150	11058	12078	13069	14001	15160	16196	17268	18234	19360
322	1318	2500	3427	4547	5447	6462	7354	8254	9158	10155	11064	12106	13077	14024	15174	16235	17274	18242	19362
329	1335	2517	3456	4554	5457	6490	7357	8267	9189	10173	11082	12108	13089	14056	15184	16254	17279	18247	19364
334	1345	2520	3464	4565	5479	6506	7359	8319	9196	10219	11085	12145	13090	14059	15196	16264	17301	18276	19368
375	1370	2534	3508	4578	5504	6515	7370	8322	9211	10237	11104	12151	13092	14070	15199	16278	17303	18290	19377
438	1418	2544	3524	4580	5511	6519	7385	8335	9213	10259	11107	12152	13096	14097	15282	16290	17339	18293	19393
442	1468	2553	3535	4588	5520	6541	7439	8340	9228	10278	11113	12166	13098	14105	15291	16291	17356	18343	19403
454	1498	2554	3557	4589	5530	6560	7441	8345	9240	10279	11130	12173	13101	14118	15307	16292	17361	18355	19419
469	1508	2565	3567	4596	5541	6593	7450	8353	9263	10285	11174	12193	13104	14127	15332	16293	17365	18371	19450
480	1568	2568	3569	4610	5553	6606	7470	8356	9275	10313	11176	12236	13111	14146	15343	16309	17400	18373	19457
481	1571	2576	3595	4616	5560	6609	7477	8377	9281	10314	11185	12242	13120	14160	15351	16314	17445	18386	19464
495	1573	2595	3616	4617	5575	6634	7483	8382	9296	10326	11219	12246	13137	14182	15355	16363	17478	18409	19504
500	1574	2600	3623	4627	5577	6635	7485	8385	9314	10340	11221	12273	13149	14202	15426	16372	17496	18431	19515
507	1580	2619	3635	4631	5581	6656	7499	8390	9323	10358	11232	12279	13155	14264	15437	16420	17518	18515	19545
517	1610	2627	3643	4642	5595	6663	7511	8447	9368	10359	11282	12282	13162	14289	15449	16462	17520	18521	19561
528	1624	2631	3654	4651	5599	6685	7513	8478	9369	10370	11327	12303	13166	14290	15455	16466	17554	18536	19568
533	1625	2647	3674	4657	5611	6693	7519	8483	9370	10377	11328	12305	13176	14293	15460	16479	17560	18574	19602
545	1634	2662	3679	4678	5629	6699	7531	8508	9398	10383	11333	12319	13225	14318	15462	16494	17572	18613	19617
554	1640	2674	3689	4679	5666	6706	7552	8509	9406	10388	11336	12321	13237	14360	15493	16504	17577	18625	19628
556	1653	2677	3723	4690	5726	6708	7584	8520	9408	10392	11402	12336	13242	14364	15494	16513	17581	18634	19633
557	1655	2698	3738	4698	5730	6742	7587	8521	9444	10398	11414	12341	13261	14367	15501	16514	17593	18640	19642
558	1663	2702	3763	4702	5736	6745	7604	8534	9446	10405	11429	12346	13263	14405	15519	16567	17597	18643	19654
563	1683	2708	3775	4749	5756	6756	7612	8538	9479	10412	11438	12359	13271	14413	15527	16578	17602	18704	19662
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587	1717	2716	3787	4772	5772	6804	7630	8553	9502	10450	11469	12368	13288	14422	15539	16598	17645	18787	19683
588	1719	2718	3789	4793	5779	6839	7649	8555	9540	10459	11486	12373	13292	14436	15552	16613	17657	18808	19696
612	1732	2721	3795	4798	5781	6858	7651	8587	9576	10460	11502	12391	13300	14487	15556	16615	17658	18812	19704
620	1736	2729	3822	4811	5817	6861	7656	8600	9587	10475	11529	12400	13304	14495	15569	16620	17659	18815	19709
625	1742	2734	3897	4817	5819	6864	7670	8604	9599	10516	11533	12404	13334	14513	15603	16622	17664	18816	19716
643	1748	2735	3928	4818	5844	6875	7676	8607	9605	10524	11562	12426	13337	14534	15606	16632	17670	18825	19724
673	1752	2746	3931	4836	5859	6886	7697	8630	9606	10530	11571	12455	13401	14552	15614	16642	17685	18831	19735
690	1784	2753	3976	4843	5864	6900	7706	8652	9653	10539	11576	12468	13405	14556	15668	16644	17702	18841	19739
805	1785	2770	3980	4861	5878	6928	7729	8663	9664	10541	11586	12471	13410	14559	15674	16647	17706	18845	19769
812	1786	2781	3999	4871	5906	6949	7731	8667	9696	10543	11593	12498	13434	14601	15685	16652	17717	18862	19770
817	1787	2793	4003	4876	5917	6961	7743	8678	9701	10559	11600	12516	13494	14622	15690	16653	17724	18865	19772
822	1812	2798	4004	4891	5930	6962	7754	8692	9705	10565	11617	12542	13534	14630	15696	16662	17730	18892	19778
829	1821	2807	4009	4893	5958	6965	7766	8695	9718	10566	11657	12569	13562	14636	15700	16676	17744	18894	19822
831	1828	2816	4021	4897	5966	6975	7772	8707	9728	10582	11678	12587	13567	14642	15701	16681	17755	18898	19853
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869	1840	2836	4106	4969	5981	7007	7802	8750	9778	10601	11709	12633	13589	14665	15716	16764	17759	18940	19881
874	1853	2838	4107	4990	5990	7018	7838	8760	9785	10619	11711	12648	13605	14673	15718	16778	17779	18941	19926
938	1887	2848	4116	5004	5997	7031	7860	8769	9790	10630	11719	12692	13614	14698	15724	16785	17794	18948	19932
943	1910	2853	4150	5015	6002	7054	7874	8770	9792	10642	11739	12693	13626	14708	15738	16856	17827	18957	19934
959	1941	2867	4162	5019	6034	7093	7875	8779	9820	10652	11745	12702	13631	14713	15759	16857	17829	18960	19938
962	2004	2868	4181	5028	6088	7096	7876	8840	9821	10658	11750	12727	13668	14717	15764	16865	17846	18972	19941
964	2030	3056	4197	5040	6097	7119	7889	8842	9836	10673	11766	12758	13682	14727	15767	16867	17848	18975	19997
965	2047	3068	4198	5049	6126	7124	7894	8853	9867	10674	11771	12763	13694	14738	15768	16893	17913	19054	20000

On the 14th August, 1985, the said redemption price will become due and payable upon each Note to be redeemed, together with accrued interest from 20th February, 1985 to 14th August, 1985 amounting to US $305.10 per US $5,000 Note. On and after that date, interest on the said drawn Notes will cease to accrue. Payment of the Notes to be redeemed will be made on or after 14th August, 1985 upon presentation and surrender of the said Notes, with all coupons appertaining thereto, at the office of any of the Paying Agents mentioned thereon. After 14th August, 1985 US $71,000,000 principal amount of Notes will remain outstanding.

The Chase Manhattan Bank, N.A., London, Fiscal and Principal Paying Agent

12th July, 1985

UK COMPANY NEWS

Insurance losses hold back Granada growth

OVERALL progress in the 28 weeks ended April 13 1985 at the Granada Group has been satisfactory, the directors report, and the pre-tax profit has grown from £24m to £30m.

However, significant provisions for prior year business in the Belgian insurance activities have pulled down this year's interim figure to £27.97m.

Mr Alex Bernstein, the chairman, says trading performance in most other businesses has been encouraging, and substantial progress has been made on new business developments.

The directors are confident of prospects and are continuing the steady dividend growth of recent years by lifting the interim payment 10 per cent to 2.53p net.

In the 28 weeks turnover was pushed up from £307.64m to £394.78m and the trading surplus from £71m to £96.88m. This was subject of a £21.67m increase to £58.62m in the depreciation carge on rental assets.

The interim figures take in a full period's working of the acquisition of the Rediffusion TV and video rental business, which was effective from July 11 1984.

Integration of the two group's businesses should be complete as planned in September, says the chairman. Granada will then have some 650 shops ("the largest single rental chain in the UK") and will reap the benefits of the merger as well as exploiting its increasing marketing strength.

Reporting on the group's individual activities, the chairman says in common with the rest of the ITV network, Granada's revenue has suffered from the lack growth in TV advertising expenditure in the year so far.

Although last year's exceptional growth in international programme sales was mainly due to the success of Jewel in the Crown, the company expects to achieve a similar revenue this year.

Referring to the Belgian insurance companies, Mr Bernstein says the group is determined to resolve the problems, and actions to improve the position have been taken.

● comment

The Belgian insurance market is not the place you would expect to find Granada playing a starring role — and you would be right. *Hence the £2.8m wiped off the* interim pre-tax profit as a result of losses and provisions for this expensive sideline operation. However, the UK rental operation with two-thirds of pre-tax profits is showing some of the growth promised by last year's takeover of the Rediffusion television and video rental business. The drop out rate of subscribers as a result of the rationalisation programme (half of Rediffusion's 400 shops are due to close before September) is said to be negligible. Overseas rental is not showing any margin gains, however, and a closer look at why the return on sales should only be about one-third of the UK level seems overdue. Granada TV is not only suffering from the very low growth in net advertising revenue that is afflicting all ITV companies but it has lost share in its region to the more aggressive Central. Overseas programme sales are going to have to depend on a larger number of less grand productions in the future it appears — for the time being the blockbusters are being put aside. For the full year the £5½m Belgian losses have led the analysts to reduce forecasts to around £68m. This has the shares, down 12p at 156p following the disappointing figures, trading inexpensively on a prospective p/e of 11½ (50 per cent tax).

Profits fall by nearly half at Monk

THE VERY competitive market and a reduction in investment income has resulted in lower pre-tax profits of £1.64m against £3.13m previously for A. Monk & Company, building and civil engineering contractor.

For the year to February 28, 1985, turnover improved by 10 per cent to £109.49m (£99.5m), and Mr M. H. Couchman, the chairman, says that for the volume of work undertaken the pre-tax result is disappointing.

He says that the year-long miners' strike did not help matters for the construction industry. The group suffered not only because of the effect on the volume of work available and the consequent pressure on prices, but also because of the strike's direct impact on the activities of its subsidiary, Associated Tunnelling Company.

For the current year there are some indications that market conditions will improve, and the directors are hopeful that the results will be rather better than the present ones.

In line with their expectations at the interim stage, the directors are recommending an unchanged final of 4.5p to maintain the total for the year at 6.5p.

First Leisure surges over £1m and plans expansion

AT THE same time as reporting a surge in interim pre-tax profits, from £126,000 to £1.33m, First Leisure Corporation has announced agreed terms in principle with three wholly owned subsidiaries of *LMS* to acquire five licensed premises in Scotland.

The initial cash consideration is £550,000, with a further payment of about £250,000. All five acquisitions will be financed from FLC's cash resources and *existing borrowing facilities.*

The acquisition is conditional on shareholders' approval as two directors of FLC are shareholders of LMS, and because LMS is itself a substantial shareholder in FLC. The approval of shareholders of LMS and of *Westpool Investment Trust,* LMS's holding company, is also needed.

For the six months to April 28 1985 on turnover ahead from £14.3m to £17.48m, the group, which was formed to acquire the leisure interests of Trusthouse Forte, and is engaged in a wide range of leisure *activities,* achieved an operating profit of £1.43m (£741,000).

Disposed businesses contributed £217,000 to turnover last time, and the operating profit includes £299,000 (£223,000) from the sale of properties and investments which this time were mainly of a non-trading nature.

Lord Delfont, the chairman, reports that the lower interest costs of £94,000 (£615,000), are largely due to reduced borrowings following the offer for sale in April 1984.

He continues to hold the view that the year will be one of further satisfactory progress, and the directors are increasing the interim dividend by 0.5p to 2.5p. Last year's 6.5p total was paid on taxable profits of £6.75m. Stated earnings per £1 share are shown *substantially higher at 3.3p net* (0.5p).

Although most of the group's units at seaside resorts close for the winter, giving rise to seasonal fluctuation, this year a limited number of attractions, in particular the Blackpool Tower, *remained open* and contributed to the improved results. Some refurbishment of the piers which it operates has been undertaken, and the directors are looking to the coming season with confidence.

The chairman says that the *Empire, Leicester Square* and the group's chain of discotheques continue to trade at record levels.

After an increased tax charge of £507,000 (£30,000), net profits emerged at £837,000 (£96,000), and retained profit for the period amounts to £192,000 (loss of £401,000).

● comment

Lord Delfont's philosophy is to give the public a good time at the right price and the same principle seems to apply where his company's shareholders are concerned. The first-half profit of £1.3m at First Leisure is well above forecasts and compares with what was effectively a £97,000 loss last time after stripping out profits on the sale *of property* and investments. It is difficult to isolate specific reasons for the upturn: reopening Blackpool Tower in winter has helped and The Empire in London's Leicester Square has benefited from the growth in tourism, but more generally it is simply a case of the group hitting the right formula for bringing the crowds in. Winter, of course, is the off season, and we are now far enough into the summer for it to be clear that the result for the full year is going to be very favourable. Brokers are raising their fore*casts to the £8.5m mark,* which has the shares, unchanged yesterday at 282p, on a prospective p/e ratio of 13 after a 35 per cent tax charge—a sound, value-for-money rating. The market appears to be awaiting the excitement of a substantial acquisition before it gives the shares a more *glamorous rating.*

Small rise at Jones Stroud to £3.52m

INCREASED INTEREST rates and an unfavourable exchange rate movement affected profitability of the Jones Stroud (Holdings) group in the last quarter. For the year ended March 31 1985, therefore, its pre-tax profit was restricted to £3.52m, a growth of £164,000.

The group, which makes materials and accessories for the textile and electrical industries, pushed up its *turnover from* £36.6m to £41.53m, but trading profit improved by only some £300,000 to £3.52m. Interest this time took £619,000 (£332,000).

The directors say the current year has started well, and they expect a further increase in annual profits. *They are paying* a final dividend of 4.5p, which lifts the net total from 6.5p to 7p.

After tax £1.4m (£1.33m) the net profit comes to £2.13m (£2.03m) for earnings of 21.81p (20.77p) per share. There are extraordinary charges of £120,000 (£434,000) net of tax, this year's being the cost of disposing and relocating subsidiaries.

A currency translation adjustment of £474,000 (£295,000 credit) and goodwill on acquisitions written off £310,000 have been dealt with in reserves.

COMPANY NEWS IN BRIEF

ROCK has reached agreement to acquire Longford Tools and Distribution from Williams Holdings. Contracts have been exchanged for the acquisition of certain of Longford's fixed assets and stock for £130,000 cash. Agreement has also been reached for the subsequent purchase of Longford's freehold properties at an *independent valuation of* £125,000. At September 30 1984, Longford's net tangible assets amounted to £196,596.

IMI has extended its interests in air conditioning by the acquisition of I. S. Air Conditioning, of Wilsden, near Bradford, a manufacturer of specialised air conditioners for computer rooms. I. S. Air's turnover for 1985 was approximately £4m.

BRINT has 1.42 per cent of Burnett & Hallamshire and not 14.2 per cent.

ERSKINE HOUSE *is acquiring* Stapleport, which trades under the name of Copy Consultants (Southern) for a cash consideration of £450,000. The company sells and maintains copiers together with Facsimilie and telex equipment and has a customer base of 1,200 machines compared with the existing 8,500 for Erskine.

EVERED HOLDINGS' rights issue has been taken up in respect of 9,923,333 shares (approximately 81.46 per cent). The balance have been sold through the market.

SINTROM subsidiary Perex has acquired for £95,000 the exclusive European manufacturing and sales rights and worldwide sales rights for interactive multi-pads, a new concept in data entry terminals. The rights were acquired from Micro-System Design.

ECOBRIC HOLDINGS' issue of 7,561,750 "A" ordinary at par was subscribed as to 6,339,186 shares (83.8 per cent).

SIMS CATERING Butchers' annual meeting heard that the *company had made a good start* to the year with sales for the first quarter 17½ per cent higher at £978,000

EAST MIDLAND Allied Press' annual meeting was told that for the first two months the group's *traditional* areas *of* operation were ahead of plan. Magazines, and in particular the new operation at McLaren, were performing exceptionally strongly and the directors looked forward with confidence.

CAPARO INDUSTRIES' underwritten rights issue of 10.52m convertible *preference* shares of £1 was taken up by holders representing 72.7 per cent of the stock.

HALLITE is to acquire the remaining 20 per cent of its subsidiary, Dichtelemente Hallite. Gmbh, which is owned *equally by two West German* based managers of the company. The consideration is DM 300,000 (£741,000)—75 per cent will be in cash with the rest satisfied by the issue of 12,035 ordinary shares in Hallite.

ROMNEY TRUST increased its fully diluted net asset value to 317.2p per 25p share as at June 30 1985, against 264.1p a year earlier. Pre-tax revenue for the six months to end June rose to £1.62m (£986,000) and earnings per share were at 3.46p (2.12p). The interim dividend is *1.65p (1.5p) net.*

RENTOKIL GROUP has acquired Bright 'N Early Group, an office/store cleaning company based in Hove, Sussex. The company has a turnover of £1m.

BODDINGTONS BREWERIES' *takeover of Higsons Brewery is* not to be referred to the Monopolies and Mergers Commission. The bid has been declared *unconditional* and *remains open* until further notice with Boddingtons laying claim to 89.7 per cent of Higsons' capital.

DALGETY now owns or controls 73 per cent of the ordinary shares of Gill and Duffus and has declared its offers unconditional.

BRENT WALKER Holdings has completed the acquisition of Television Entertainment and Learning. Consideration of £46,747 was satisfied as to £34,949 in shares with the balance in cash.

HILLE ENGINEERING CO, established designer and manufacturer of rolling mill equipment, has called in receivers after cash flow problems arising from its joint venture to build a new mill for Eaton & Booth Rolling Mills in Rotherham.

PARKER GLEAD, a manufacturer of jeans and related leisure wear, has gone into receivership. The receivers, Mr Tony Richmond and Mr John Ridings of Peat Marwick, are permitting the company to continue to trade while examining the possibility of selling the business as a going concern.

GRIDMAY, an Aylesbury-based property company, has sold its controlling interest in Crystalox (1982), a subsidiary specialising *in crystal growth equipment to* Elkem a.s. of Norway.

FT COMMERCIAL LAW REPORTS

Estate agent entitled to commission despite breach of duty to vendor

ROBINSON SCAMMELL & CO. v ANSELL AND ANOTHER
Court of Appeal (Lord Justice Purchas and Lord Justice Robert Goff): June 25 1985

AN ESTATE AGENT who commits a breach of duty towards his vendor principal is nevertheless entitled to commission on completion of sale if he acted in good faith and the breach occurred after he introduced the purchaser to whom the property was ultimately sold.

The Court of Appeal so held when allowing an appeal by Robinson Scammell & Co., estate agent, from a decision by Judge Peck in the County Court dismissing the agent's claim against Mr and Mrs C. J. Ansell for commission on the sale of their property.

* * *

LORD JUSTICE ROBERT GOFF said that Mr and Mrs Ansell owned a house in Wokingham. They decided to sell it.

On July 31, 1981, they instructed the agent to sell the house acting as sole agent. He accepted their terms, including a term that in the event of his introducing a purchaser, they would pay him commission.

He introduced prospective purchasers called Mr and Mrs Farr. The Ansells accepted their offer of £48,500 subject to contract, and found a house to move to, owned by a Mrs Bye.

All seemed to be going well. The agent knew that the Farrs were under pressure and that all parties wanted to complete as soon as possible.

On October 20, however, as a result of a conversation with Mr Farr, the agent rang another agent and was informed that Mrs Bye was pulling out. He then telephoned another agent who told him Mrs Bye had almost lost her purchase and that he believed the top of the chain had collapsed.

That was a potentially serious matter for the Ansells and the Farrs. The agent tried to telephone Mrs Ansell but was unable to speak to her. He then telephoned Mr Farr and outlined what he had been told, and said he was doubtful if things would proceed at the speed Mr Farr wanted.

Mr Farr asked if any further properties were available. The agent told him of other properties, including one in the same street as the Ansells, owned by a Mr and Mrs Pinchcombe.

Later the same day the agent succeeded in getting through to Mrs Ansell. He informed her of what he had heard and that he had advised the Farrs of the problem.

She was surprised and rather upset that he should have taken it on himself to inform the buyers that there was a problem before he had a chance to sort it out with her and her husband.

The Pinchcombes were friends of the Ansells. Later that day Mr Pinchcombe came across to see them. He said he was embarrassed to have to tell them that the agent had made an appointment for the Farrs to view his property.

Mr and Mrs Farr came over later on the same evening and told them about the telephone conversation with the agent. The Ansells said that if there was a problem with their own purchase they would move into rented accommodation.

The next day Mrs Ansell told the agent that what he had done without their knowledge was disgraceful and that from then on *he was no longer acting for them.* After she had terminated his engagement he wrote to the Ansells explaining that he had felt it was his duty to inform both them and Mr Farr that there was a strong possibility of the chain collapsing, and apologising if blame for "this unhappy situation" could be attributed to him.

Mr and Mrs Ansell's purchase from Mrs Bye did fall through. However, they sorted things out with the Farrs direct and moved into rented accommodation. The sale was then duly completed.

On November 7 the agent's account for £920 was sent to the Ansells. They refused to pay.

The agent commenced proceedings in the Reading County Court. The Ansells disputed the claim on the ground that the agent's conduct had amounted to repudiation of the contract.

The judge dismissed the claim. He said that the agent was under no contractual duty to the Farrs, but was under a duty to the Ansells and should have told them first, "but with indecent haste he went ahead." Mrs Ansell was entitled to treat the breach as a repudiation, the judge held, and the agent was not entitled to commission.

The agent appealed.

The mere fact that a contract had been determined by an agent's repudiatory breach did not of itself divest him of rights which had already accrued to him under the contract (see *Boston Deep Sea Fishing (1888) 39 ChD 339, 360, 366)*.

In *Andrews v Ramsay [1903] 2 KB 635, 638* Lord Alverstone CJ said: "It is only the honest agent who is entitled to any commission." (see also *Salomons v Pender (1865) 3 H&C 639; Price v Metropolitan House Investment & Agency (1907) 22 TLR 630; Rhodes v MacAlister (1923) 29 Com Cas 29)*.

However, in *Keppel v Wheeler [1927] 1 KB 577* it was held that an agent who had committed a breach of duty which rendered him liable in damages to his principal, was nevertheless entitled to commission on the sale.

In that case an estate agent who had obtained an offer from a purchaser to buy his principal's property, which was accepted subject to contract, subsequently received a higher offer from another person.

The agent, in the *bona fide* belief that he had performed his duty to his vendor when the first offer was accepted, failed to inform him of the higher offer. The sale was completed at the lower price.

Lord Justice Bankes stressed at page 583 that the agent was acting in good faith but under a misapprehension as to his legal position. At page 588 he held that "an agent might quite properly claim his commission, and yet have to pay damages for committing a *bona fide* mistake which amounts to a breach of duty."

At page 592 Lord Justice Atkin said: "There may well be breaches of duty which do not go to the whole contract and which would not prevent the agent from recovering his remuneration; and as, . . the agent acted in good faith, and as the transaction was completed and the appellant has had the benefit of it, he must pay the commission."

In the present case the agent, in informing the prospective purchaser before informing the vendors, did commit a breach of duty.

If he had spoken to Mrs Ansell first he would have been able to discover that even if the purchase from Mrs Bye fell through, the Ansells were prepared to move into rented accommodation in order to maintain their sale to the Farrs. There would therefore have been no need to give the Farrs the impression that their purchase was in any danger.

But there was no question of any dishonesty or bad faith. The judge made no finding of bad faith, and there was no evidence which could have justified such a finding.

The agent was understandably concerned that Mr Farr should find himself as part of a chain which had collapsed above him, and should be made aware of that fact. If it was the case, common fairness required that he should be told.

The agent's error was in acting too precipitately because he should first have informed and consulted his principals and decided with them on the appropriate course of action to be taken.

If he had done that he would have discovered there was no need for alarm and would have been able to allay rather than arouse any apprehensions on the Farrs' part.

In those circumstances, having regard to the decision in *Keppel v Wheeler*, there was no basis for depriving the agent of his commission. The appeal should be allowed.

*

LORD JUSTICE PURCHAS, agreeing, said there was clear authority that where the agent's conduct was wholly inconsistent with the implied right of a principal "to have an honest agent," the agent was not entitled to commission.

The more difficult question arose where the agent had executed his contract of agency but had been in breach of the relationship arising out of that contract, with no *mala fides* on his part. The only authority directly in point was *Keppel*.

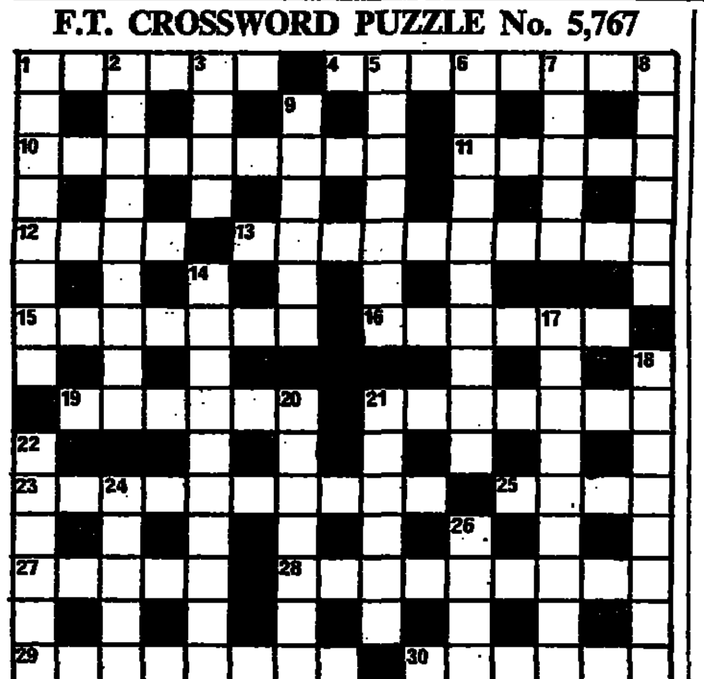
On the facts found by the judge there was no suggestion of *mala fides*.

For the agent: Patrick Darby (Platel Simpson & Co, Wokingham).

For Mr and Mrs Ansell: Peter Gibbs (Trevor Jenkin and Co, Reading).

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE No. 5,767



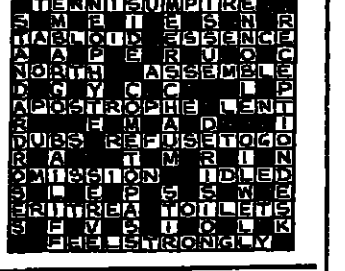
ACROSS

1 Being lazy, I had fish (6)
4 Assured Sid more get roughed up after the cup final (8)
10 It gives an impression of time (4, 5)
11 It's my turn to go into the plant (5)
12 On the way back we swelter (4)
13 An animal to baffle the volunteer soldier (3, 7)
15 Taking things the wrong way? (7)
16 Back Conservative banker's answer when there's trouble in the timber business (3, 3)
19 Poor Ann's taken in, that is, which is very silly (6)
21 Without a deal, due, perhaps, to leading dealer being misled (7)
23 Not moving the cattle yet (5, 5)
25 You need a little money and the time to get an errand boy (4)
27 A rich man from Oban, retiring to Beachy Head (5)
28 A tin-opener, tested and tried (9)
29 They get very hot weather (8)
30 Martin's rebuilt somewhere for Paddy to live (6)

DOWN

1 Asian water sample taken with diligence (8)
2 Refuse to go inside it (6, 3)
3 Forgetting nothing, one has a way to retreat (4)
5 It's pure chaos, the man alleged (7)
6 Doctor Hill on "The Age of Transport" (5, 5)
7 Left one behind some beastly place, writing things (5)
8 Are moved into plain for boring (6)
9 Article with reproduction case and transparent cover (6)
14 A rebel, writing about an evangelist, admitted "it's extraordinary!" (10)
17 Painting pole to be carried by senior (3, 6)
18 Wrongly demand the inclusion of 50 per cent duty as a supplement (8)
20 The competitor worked in the converted tent (7)
21 Weaken when the clergyman leaves the director an old instrument (6)
22 Time allowed to pay American to dance topless (6)
24 Game which gets the big-head into more trouble (5)
26 Augury means nothing to some people (4)

SOLUTION TO PUZZLE No. 5,766



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd	59.2	63.0	+0.3	3.60
Accum Units	87.6	93.2	+0.4	3.60
Pearl Inc	85.3	90.7	+0.7	5.23
Pearl Unit Tst	88.0	93.6	+0.6	4.46
(Accum Units)	148.9	158.4	+1.1	4.46

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames 0491 576868

Growth	175.0	187.9	+1.9	1.53
Income	133.0	142.4	+1.0	5.46
Worldwide Recovery	103.0	110.8		2.14
American Growth	56.1	60.2	+0.7	0.68
Intl Emerging Cos	55.6	59.7	+0.4	0.79
Far East Growth Fd	45.8	48.8	-0.4	1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	99.5	106.6	+0.4	0.29
Prolific Extra Inc	58.8	63.1	+0.3	6.32
Prolific Gilt Cap	81.0	84.3		3.26
Prolific High Inc	121.6	130.5	+0.7	5.67
Prolific Intl.	80.8	86.6	+0.6	1.89
Prolific N. Amer	117.1	125.5	+1.4	2.14
Prolific Spec. Sits	128.0	137.3	+0.1	1.84
Prolific Technology	99.2	106.3	+0.9	0.99

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	47.5	50.9	-0.1	0.00
Worldwide	47.0	49.8	+0.4	1.65
European Trust	47.4	50.2	-0.1	1.73
North American	50.3	53.9	+1.5	2.13
UK Equity	47.8	50.6	+0.6	4.03

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst	305.4	324.8	+3.5	3.83
Holborn Gilt Tst	151.6	158.5	+0.3	8.88
Holborn High Inc	53.1	56.4	+0.1	7.62
Holborn Intl	58.2	61.9	+0.8	0.62
Holborn UK Growth	61.0	64.8	+0.5	3.70

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd	307.2	326.9		3.78
Quadrant Income	171.0	182.0		6.91
Quadrant Intl. Fund	299.3	315.1		1.51
Quadrant Recovery	188.3	200.4		3.56

Reed Stenhouse Inv Services Ltd
145 Borough High St, Ldn SE1 1NY 01-628 6011

Wellington Inc	48.4	51.5	+0.3	6.00
Wellington Growth	96.7	102.9	-1.3	2.00

Reliance Unit Mgrs. Ltd.
Reliance Hse, Tunbridge Wells, Kent 0892 22271

British Life	127.4	134.7	+0.7	4.81
Reliance Unit Tst (Inc)	81.4	87.0	+0.6	4.39
Reliance Ut Tst (Acc)	105.0	112.2	+0.7	4.39

Ridgefield Management Ltd.
35 Fountain St, Manchester M2 2AF 061-236 5685

Income UT	86.7	92.7	-0.5	7.25
International UT	203.5	217.6	+0.6	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4 01-280 5456

NC America (Inc)	233.6	245.8	+5.0	1.36
NC America (Acc)	248.2	261.2	+5.4	1.36
NC Engy. Res. Tst	154.5	162.6	+2.2	2.52
NC Inc Fd.	66.0	69.4	+0.5	5.14
NC Japan Fund	101.6	106.9	-1.7	0.02
NC Smaller Cos	100.7	106.0	+0.2	2.22
NC Smaller European	99.6	104.8	-0.2	0.84
NC Exempt Gilt Fd*	118.0	123.0		10.91
NC American Prop*	511.21	11.80		—
NC Prop.*	178.0	196.0		—

*Unauthorised Unit Trusts

Rowan Unit Trust Mngt. (a)
1 Finsbury Av, London, EC2M 2PA. 01-606 1066

American July 2	188.0	192.0	-1.0	1.58
Securities July 2	527.0	542.0		2.49
High Yield July 5	122.5	126.0		6.23
Merlin July 3	257.0	265.0		2.04
Fixed Interest	150.5	151.5	+0.5	2.84
High Interest	116.0	117.0	-1.5	12.72
Far East July 2	117.5	121.0		1.14

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	95.4	101.5	+2.2	1.16
Do Accum	98.2	104.5	+2.2	1.16
TSB Extra Income	82.6	87.9	+0.3	6.53
Do Accum	91.9	97.8	+0.3	6.53
TSB General	111.6	118.7	+1.4	3.54
Do Accum	180.8	192.3	+2.1	3.54
TSB Gilt & Fxd Int	47.2	49.3		9.38
Do. Accum	57.0	59.4		9.38
TSB Income	154.4	164.3	+1.4	5.30
Do Accum	232.8	247.7	+2.1	5.30
TSB Pacific	101.5	108.0	+0.5	1.09
Do Accum	104.1	110.8	+0.4	1.09
TSB International	223.4	237.7	+2.0	1.91
Do Accum	271.9	289.3	+2.9	1.91
Natural Resources	43.9	46.8	+0.2	2.68
Do. Accum	44.4	47.3	+0.2	2.68
TSB Sletd Opps	43.8	46.7	+0.2	2.78
Do Accum	47.1	50.2	+0.3	2.78

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury Bucks
Aylesbury (0296) 5941

Small Co's Fund	64.4	68.9	+1.3	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	65.0	69.5	+1.3	0.27
Australia	27.8	29.7	+0.6	0.10
Commodity	88.4	95.1	-0.1	1.82
Energy	40.1	42.9	+0.5	0.81
Equity	92.3	98.4	+1.0	4.02
European Spec. Sits.	48.4	51.8	+0.1	0.97
Extra Income	87.3	93.4	+0.2	7.76
Financial	189.3	201.9	+0.3	3.05
Gilt Capital	216.4	226.6	+0.7	3.25
Gilt Income	102.2	107.0	+0.1	8.95
Gold Income	60.6	64.8	+0.4	2.36
Gold Acc.	109.4	117.0	+0.7	2.36
Income	55.9	60.1	+0.4	6.23
Japan	44.0	46.9		0.10
Malaysia & Singapore	22.4	23.9	-0.2	1.23

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.2	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.40	9.27	13.71	6mth
7-day Fnd	12.46	9.32	13.78	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.36	9.24	13.64	6-Mth
7-day Fund	12.35	9.23	13.62	6-Mth
Dollar	6.50		—	6-Mth
Money Mngt. Acct.	12.125	9.06	13.59	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh. EH2 4DF 031-225 8484				
Full Service Chr Acc.	12.25	8.75	13.09	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	12.375	9.25	13.87	Qtr
Mth. Int. Chq.	12.25	9.16	13.90	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.90	8.89	13.22	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int Cheque	12.00	8.875	13.24	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL 01 588 2777				
Cater Allen	12.06	9.02	13.42	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH 01-248 3999				
Sterling	12.25	9.16	13.89	Mth
U.S. Dollar	7.00	7.00	7.23	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus	—	10.00	14.83	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	11.0	8.22	12.11	Qtr
£2,500 +	13.00	9.72	14.40	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	12.25	9.16	13.83	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 4AG 01-631 3313				
Cheque Deposit Acc.	12.50	9.34	14.19	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.90	8.89	13.22	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
High Int Cheque	12.00	9.00		Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	12.375	9.25	13.21	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford 0245 51651				
H.I.C.A.	12.10	9.04	13.48	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	11.77	8.80	13.17	Qtr
Provincial Trust (formerly Choulartons) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc.	12.50	9.34	14.19	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	12.00	8.97	13.44	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	11.70	8.75	13.06	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol 0272 732241				
Demand Acc	12.11	9.05	13.57	Qtr
Money Acc.	12.207	9.125	13.68	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	12.20	9.12	13.84	Mth
Over £10,000	12.45	9.31	14.14	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL 1SE 0752 24141				
High Int Chq Acc	12.63	9.44	13.24	Qtr

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. © Yield column shows annualised rates of NAV increase.

OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	16	Midland Bk	30
BAT	32	NEI	8
BOC Grp	25	Nat West Bk	60
BSR	16	P & O Dfd	36
BTR	52	Plessey	17
Babcock	14	Polly Peck	26
Barclays	48	Racal Elect	18
Beecham	32	RHM	11
Blue Circle	45	Rank Org Ord	32
Boots	15	Reed Intnl	58
Bowaters	20	Sears	8
Brit Aerospace	33	TI	20
Brit. Telecom	11	Tesco	20
Brown (J.)	3	Thorn EMI	35
Burton Ord	39	Trust Houses	13
Cadburys	14	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
Dunlop	6	Cap Counties	18
FNFC	8½	Land Secs	25
Gen Accident	45	MEPC	28
Gen Electric	17	Peachey	22
Glaxo	85	Samuel Props	14
Grand Met	25	**Oils**	
GUS 'A'	60	Brist. Oil & Min	4
Guardian	60	Brit Petroleum	42
GKN	17	Burmah Oil	18
Hanson Tst	17½	Charterhall	6
Hawker Sidd	38	Premier	5
Hse of Fraser	30	Shell	60
ICI	60	Tricentrol	18
'Imps'	18	Ultramar	19
Jaguar	28	**Mines**	
Ladbroke	24	Charter Cons	18
Legal & Gen	50	Cons Gold	44
Lex Service	28	Lonrho	14
Lloyds Bank	45	Rio T Zinc	56
Lucas Inds	25		
Marks & Spencer	11		

A selection of Options traded is given on the London Stock Exchange Report Page.

Indian tea production up from last year

By P. C. Mahanti in Calcutta

INDIAN TEA output up to the end of May totalled 165m kilos compared with 154m up to the same date last year according to the Tea Board.

Good weather and better agricultural practices in the gardens have brought this surge in production. The year's production target is 655m kilos.

Exports to the end of June have proceeded "according to schedule" the ea Board says, which means up to 90m kilos may have been shipped during the first half of 1985.

According to the Tea Board's marketing plan, announced earlier in the year, the quota was for a total of 90m kilos for the first two quarters out of a total export quota of 220m kilos set for the year as a whole.

The bulk of the quota will be shipped during the current quarter, beginning July, which is the heavy plucking season in North India.

Exporters say they are finding the existing minimum export price of Rs 26 (£1.58) a kilo a bit too high relative to the international rate as determined by London auctions. They have made a representation to the commerce ministry to review the export price policy suggesting a more realistic floor price would be Rs 21-22 a kilo.

Meanwhile the Indian Institute of Management of Calcutta has prepared a study on the trend of growth in domestic tea consumption according to which the total internal offstake this year may not be more than 415m kilos, more or less the same as last year, because of the high price of sugar prevailing in the country.

● India must lift the export ceiling and abolish the minimum export price of tea to help traders sell freely to the world market, Mr K. G. Nanda, chairman of the Coimbatore Tea Trade Association, said yesterday.

Mr M. K. Koshy, vice-chairman of the Cochin Tea Trade Association, said planters have been selling the surplus tea at below production costs in some places.

U.S. forecasts bigger world food surplus

BY NANCY DUNNE IN WASHINGTON

WORLDWIDE grain production will rise again this year and, although consumption is also expected to increase ,the global food glut will be bigger than ever, according to the U.S. Department of Agriculture (USDA).

There was little good news for grains traders in the Department's supply and demand report, issued on Wednesday night, beyond a reduced crop production estimate for the Soviet Union, which has been enjoying one of its better years and has not been expected to provide much boost to depressed grains prices. The USDA lowered its forecast of USSR production by 5m tonnes to 190m tonnes, and it raised its import estimate for July-June 1985-86 to 39m tonnes.

However, Soviet imports will fall well below 1984-85, now estimated at 55m tonnes. Moscow is expected to buy 20m tonnes of wheat, 18m tonnes of coarse grains and 1m tonnes of miscellaneous grains to cover any crop shortfall and add modestly to its stocks.

Hot dry weather over parts of the USSR caused the USDA to lower its estimates for wheat production by 4m tonnes, and it dropped the barley estimate by 1m tonnes.

Although the USDA raised its estimates of EEC wheat production during the month, it expects output to fall in the coming year from 76m tonnes in 1984-85 to 70m tonnes. EEC coarse grain output is forecast to sink from 74.7m tonnes last year to 72.4m tonnes. On the other hand the department expects the Community to more than double soyabean output to 290,000 tonnes.

The USDA is forecasting 1985-1986 global grains production at 1.659bn tonnes, up from 1.635bn tonnes in the previous year. With economic growth abroad and lower crop prices, world consumption is expected to jump from 1.599bn tonnes to 1.619bn tonnes, with about 261m tonnes left in ending stocks, providing a depressant on the market. Almost half of those stocks—120m tonnes—will be left on American hands.

Contributing to the Department's higher projections for coarse grain production, raised 1 per cent over the month, was an increase in 1984-85 Brazilian maize estimates and higher estimates for 1985-86 Thai maize and European barley.

Despite raised estimates during the month for wheat production in Eastern Europe and Pakistan, the Department dropped its projection of overall wheat output in the coming year from 517m tonnes, to 514.5m tonnes. Lower-than-expected production in the U.S., the USSR and Argentina outweighed the monthly increases.

Although Chinese wheat output will be up again this year, according to the USDA, from 87m tonnes in 1984-85 to 90m tonnes, the rate of increase is slowing. Chinee consumption is expected to rise but imports are forecast to drop from 7.5m tonnes to 7m tonnes.

In line with other forecasters, the Department reckons 1985-86 oilseeds production will hit record levels. Soyabean output in the U.S. is estimated at about 51.7m tonnes, up slightly from last year. Brazil's production is forecast tofall slightly from last year to 16.4m tonnes, and Argentina's output is expected to rise a little to 7m tonnes.

World and U.S. soyabean crush for 1985-86 is forecast to show a below trend rise (2 per and 1 per cent respectively) with thestrongest gains concentrated in Argentina, Brazil and in some developing countries. Soyabean meal use is expected to increase about 2 per cent next year, however, livestock recovery and economic growth is expected to be limited by tight foreign exchange reserves.

The USDA believes it is likely that modest oilseed crush gains will limit vegetable oil supplies in 1985-86. However, it says, ome decline in vegetable oil prices will occur as next year's palm oil production is expected to show a large rise.

The prospects are for a further buildup in U.S. and world cotton stocks. Use is expected to increase modestly. However, most of that rise is forecast in the major cotton producing countries.

Potato glut poses market support problems

BY ANDREW GOWERS

THE UK's Potato Marketing Board is in trouble again. Just as they thought they could relax after resolving the future shape of the Board's finance and market support activities and battling with a near-record surplus last year, senior officials have been plunged into new difficulties as a result of an unprecedented glut of new potatoes.

In order to combat the weak prices provoked by the surplus, the Board has had to buy more than 12,000 tonnes of early potatoes so far this season. And the glut problem may well get worse once Britain's main potato crop starts being harvested later this summer: this prospect has already affected prices on the London potato futures market.

"It's very much a question of moving from one crisis to another," said a surprisingly unruffled Mr Robin Pooley, chief executive of the Board.

This is the first time that the Board had intervened to buy potatoes this early in the season. Under its old system, it set up contracts to buy up to 500,000 tonnes of main crop potatoes before the season began in order to support prices.

This year, however, under a scheme passed by Parliament a few months ago, the Board has the capacity to intervene directly and flexibly in the market from July onwards.

It is empowered to buy 420,000 tonnes of potatoes under pre-season contracts and a further 80,000 tonnes in direct intervention. Half the cost of these activities must be borne by farmers, who are now paying a doubled producer levy of £75 per hectare, and half by the Government.

The Board was already severely stretched last year, when it had to spend some £17m of the Government's money to support the market in the face of a 600,000-tonne-plus surplus. This advance has now been written off by the Treasury, along with previous loans amounting to £5.9m.

The new problem stems from the size of this year's new potato harvest. The Board is reporting record yields of 27 tonnes per hectare, meaning that the total crop could be substantially above the normal 300,000-400,000 tonnes.

This has driven prices down to the level which is supposed to trigger support buying—£51 a tonne this week.

The Board's buying has so far been restricted to a few specific areas of Britain. Some of the lowest prices are being experienced in Pembrokeshire and Cornwall, and there has been some buying in Kent. The cost of the exercise is at least £700,000 so far.

Potatoes bought are being dyed and used for stockfeed or simply dumped, and there are reports in the trade of interest by processors in buying some of the surplus for chipping.

Imports, which have been blamed in some quarters for depressing prices, are in fact less of a factor than in some previous years, the Board insists. By the end of last week, imports had totalled 253,000 tonnes, compared with the equivalent figure last year of 322,500 tonnes.

The PMB's intervention so early in the season has raised fears, however, that it will not have the resources to cope fully with the main crop if that also produces a substantial surplus.

Mr Pooley was at pains yesterday to stress that the main crop is quite separate from the early one: it is grown in different areas and under different conditions. However, there can be no denying that yields are on a generally rising trend.

London's potato futures market has decided to change its trading rules in a bid to overcome the serious delivery problems it has encountered over the last few months.

From next November, the first contract month for 1985 main crop potatoes, trading will cease on the 10th of the month concerned. This should ensure orderly deliveries over the remaining two-thirds of the month.

The move will not affect contracts for later months, which will continue to be traded as before. For example, trading in December potatoes will continue throughout November, but will cease on December 10.

The change was agreed by members of the futures market under pressure from the Potato Marketing Board, which has experienced serious difficulties with deliveries in recent months. The Board has told the market that it will stop providing inspection services for it from May 1986.

The Potato Futures Association is still considering introducing contracts for early potatoes, although it may not reach a decision in time to start this next year. Trading would be on a cash settlement or index system. Members have, however, decided to stick with the physical delivery system for main crop potatoes for the foreseeable future.

Shultz says higher stock target will lift tin depression

BY CHRIS SHERWELL IN KUALA LUMPUR

THE DECISION to lift the U.S. strategic stockpile target for tin from 42,700 to 150,000 tonnes would remove a depressing influence overhanging the tin market, Mr George Shultz, U.S. Secretary of State, claimed on his arrival in Malaysia for consultations with the Association of South East Asian Nations (Asean).

Mr Shultz noted that the present tin holdings in the strategic stockpile were around 180,000 tonnes, so there was only about a further 30,000 tonnes available for disposal following the revision of the stockpile target announced on Monday. He added that this surplus tin would be sold over "a period of time."

Congress authorised the General Services Administration in 1980 to dispose of 35,000 tonnes of surplus stockpile tin, and about 18,000 tonnes yet remains to be sold.

At present under a memorandum of understanding between the U.S. and Asean tin producing countries—Malaysia, Indonesia and Thailand — the stockpile authorities have been limiting sales of surplus tin to a maximum of 3,000 tonnes a year.

It is planned to prepare a new programme for approval by Congress to dispose of the surplus 30,000 tonnes of tin, including the 18,000 tonnes already authorised for sale. However the amount actually offered for sale will almost certainly continue to be confined to the present rate of 3,000 tonnes annually.

Mr Shultz promised there would be consultations with south east Asian producers and "there would not be any surprises."

Malaysia, which has been highly critical of any stockpile tin sales, reserved reaction to the U.S. plan to lock away 150,000 tonnes in the stockpile's supplemental reserve. Datuk Paul Leong, Primary Industries Minister, is due to meet U.S. officials travelling with Mr Shultz tomorrow.

Exxon to boost copper output in Chile

BY MARY HELEN SPOONER IN SANTIAGO

EXXON CORPORATION'S Chilean copper mining subsidiary, Compania Minera Disputada de los Condes, will invest $73m in improvements over a two-year period in its El Soldado copper mine and Los Cobres concentrating plant, Sr Samuel Lira, the Chilean Mining Minister has announced.

The investment should boost the company's production of fine copper to 100,000 metric tonnes per year, a level approaching that of two of Chile's four state-run copper divisions. Exxon has been operating in Chile since January 1978, when it signed an investment contract with General Augusto Pinochet's regime. The corporation initially planned to invest $1.2bn in Chile, a sum subsequently scaled down by roughly half.

Chile's total copper production hovers around 1m tonnes of fine copper annually, with the bulk of this production coming from Codelco, the state copper corporation. But Chilean officials hope to increase copper production to at least 1.7m tonnes by the end of this century, through private investment in new mining projects

The most ambitious foreign mining investment project, the La Escondida copper deposit in northern Chile, has also been stalled.

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	725.5-5.5	—3	750.5/750
3 months	748-.5	—2.5	762/748

Official closing (am): cash 729.5-30 (725-.5): three months 752-.5 (746.5-7): settlement 730 (7,255). Final kerb close: 748-8.5. Turnover: 16,425 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/Low
Cash	1048-8	+2.5	1050/1048.5
Three m'nths	1057.5-8	+1.5	1065/1053

Official closing (am): cash 1,028-30 (1,015-6); three months 1,046-8 (1,036-7); settlement 1,030 (1,016). Turnover: 28,650 tonnes. U.S. producer prices 65/68 cents per lb.

Cathodes			
Cash	1015	—20	1028/1026
Three m'nths	1036-40	—4	1035/

Official closing (am): cash 1,055-.5 (1,037.5-8): three months 1,065-.5 (1,050-1): settlement 1,055.5 (1,038). Final kerb close. 1,059-9.5.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	292.4	+3.75	291.5/291
3 months	296.7	+3.25	299/292.5

Official closing (am): cash 290.5-1 (287.5-8); three months 295-.5 (219 5-2); settlement 291 (288). Final kerb close: 292-3. Turnover: 6,025 tonnes. U.S. spot: 18/21 cents per lb.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	3646.50	+2.5	3650/3630
3 months	3666 88	—1	3720/3680

Official closing (am): cash 3,630-5 (3,625-35): three months 3,681-5 (3,650-5): settlement 3,635 (3,635). Final kerb close: 3,690. Turnover: 1,038 tonnes.

TIN

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low for day
Cash	9050-1	—157	—
3 months	9052 5	—54	9082/9050

Official closing (am): cash 9,135-40 (9,225-30): three months 9,100-10 (9,120-5): settlement 9,140 (9,230). Final kerb close: 9,100-10. Turnover 2,595 tones. Straits tin $30.75 (30.96) kilo.

Standard			
Cash	9050-1	—154.5	9140/9140
3 months	9050-1	—57	9240/9038

Official closing (am): cash 9,135-40 (9,230-40): three months 91,05-15 (9,120-5); settlement 9,140 (9,240).

ZINC

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	525 7	—4	530/527
3 months	521-2	—4	534-518

Official closing (am): cash 529-30 (512.5-3.5): three months 527-8 (511.5-2): settlement 530 (513.5). Final kerb close: 522-3. Turnover: 13,225 tonnes. U.S. Prime Western: 44/45.75 cents per lb.

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	July 11 1985	+ or —	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1030/060	—5	$1055/085
Copper			
Cash h Grade	£1048.5	+2.5	£1132
3 mths	£1057.75	+1.5	£1149.75
Gold troy oz	$314.75		$314
Lead Cash	£293	+3.75	£315
3 mths	£296.5	+3.25	£302.25
Nickel			
Free Mkt	230/260c		250/280c
Palladium oz	$94.00	—1.0	$97.65
Platinum oz	$256.80	+0.6	$265.10
Quicksilver†	$280/290		$280/290
Silver troy oz	435.90p	+1.65	487.75p
3 mths	448.55p	+1.25	502.30p
Tin cash	£9050.5	—154.5	£9727.5
3 mths	£9050.5	—57	£9585.5
Tungsten	$72.75		$75.39
Wolfram 22 04lb	$58/62		$58/62
Zinc	£526	—4	£571
3 mths	£521.5	—4	£580.25
Producers	$850		$930

OILS	July 11 1985	+ or —	Month ago
Coconut (Phil)	$550z	—5	$612.5
Palm Malayan	$510u	—5	$570
SEEDS			
Copra Phil	$340z		$365
Soyabean (U.S.)	$232.35w	+1.1	$238
GRAINS			
Barley Fut. Nov.	£99.80	+0.5	£97.70
Maize	£141.00z		£146.50
Wheat Fut. Nov.	£100.55	+0.4	£98.70
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept.	£1751.5	—3	£1734
Coffee Ft. Sept.	£1752.5	—30	£2164
Cotton A Index	61.60c		62.80c
Gas Oil Sept.	$216.25	+0.5	$212
Rubber (kilo)	65p		67p
Sugar (raw)	$86.5z	—1.5	$92
Wooltops 64s	440pkilo	—8	457pkilo

‡ Unquoted. u Aug. x Aug-Sept. w Sept. z July-Aug. † Per 76 lb flask. c Cents per pound.

GOLD

Gold finished unchanged from Wednesday's close in the London bullion market yesterday, finishing at $314½-315. The metal opened at $313½-314 and traded between a high of $315-315½ and a low of $312¾-313¼. Trading volume was rather low with gold meeting resistance at higher levels despite the dollar's recent sharp decline.

GOLD BULLION (fine ounce) July 11

Close	$314½-315	(£226¾-227¼)
Opening	$313½-314	(£226¾ 227¼)
M'n'g fix	$313.60	(£227 969)
Aft'n'n fix	$313.55	(£229.119)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$322¼-322¾	(£232-232½)
½ Krug.	$167¼-167¾	(£120½-120¾)
¼ Krug.	$85½-86	(£61½ 62)
1/10 Krug.	$35-35½	(£25¼-25½)
Mapleleaf	$325 325½	(£234-234½)
New Sov.	$74½-75	(£53¾-54)
½New Sov	$46¼-46¾	(£32½-33)
Old Sov.	$75-75½	(£54¼-55¼)
$20 Eagle	$450-490	(£324 353)
Noble Plat	$270½-273¾	(£197¼-200¼)

SILVER

Silver was fixed 1.65p an ounce higher for spot delivery in the London bullion market yesterday at 435.9p. U.S. cent equivalents of the fixing levels were: spot 598.5c, down 6c: three-month 609.55c, down 6.15c: six-month 621.1c, down 6.8c: and 12-month 646.85c, down 7.35c. The metal opened at 431-434p (598-602c) and closed at 438-441p (608-611c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	435 90p	+1.65	434.5p	—2
3 months	448.55p	+1.25	447.75p	—1.75
6 months	460.90p	+0.80	—	—
12months	485.15p	+0.50	—	—

LME—Turnover: 35 (31) lots of 10,000 oz.

Three months high/low 449p. final kerb 450-1.

FREIGHT FUTURES

The market was very quiet until late news of a further decline in Gulf/Japan rates caused the market to close at the day's lows, reports Clarkson Wolff. The Baltic Freight Index was down 1 point at 791.5.

	Close	High/Low	Prev.
July	792/794	792/785	787/790
Oct.	861/863	867/861	865/869
Jan.	887/890	894/887	890/891
April	927/934	—	930/934
July	870/920	—	885/910
Oct.	900/970	—	900/970
Jan.	900/980	—	890/970
April	950/1030	—	950/1040

Turnover: 96.

GRAINS

The market found profit-taking and rose about 55p in generally dull trading, reports Muirpace.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept	97.00	+0.55	96.05	+0.45
Nov	100.55	+0.40	99.80	+0.50
Jan	104.40	+0.35	103.55	+0.50
Mar	107.55	+0.35	106.60	+0.60
May	110.95	+0.30	109.30	+0.55

Business done—Wheat: Sept 97.05-7.00, Nov 100.55-0.50, Jan 104.40-4.15, March 107.55-7.40, May 111.00-10.95. Sales: 81 lots of 100 tonnes. Barley: Sept 96.05-5.70, Nov untraded, Jan 103.35-3.15, March 106.60-6.35, May 109.10-8.85. Sales: 43 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent Aug 128.25, Sept 126.30, Oct 128.10, Nov 131.45 sellers transhipment east coast. U.S. no 2 soft red winter Aug 114.50, Sept 118.25, Oct 19.50, Nov 122.25 sellers. EC July 116 seller. English feed fob Jan/Mar 107.25/107.35 paid east coast, July 114.50 seller east coast. Maize: U.S. no 3 yelow/French transhipment east coast July/Aug 141 sellers. Barley: English feed fob harvest 96, Sept 98, Oct/Dec 102 sellers east coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 91.00. The UK monetary coefficient for the week beginning Monday July 15 will change to 0.951.

RUBBER

The London physical market opened nervously due to the re-entry of the buffer stock manager, saw good business throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers): spot 66.00p (same): Aug 61 00p (60.50p): Sept 61.00p (60 50p). The Kuala Lumpur fob price for RRS No 1 was 192.25 (192.0) cents a kg and for SMR 20 was 161.0 (160.5).

COFFEE

Colder temperatures in Brazil prompted a sharp rally during an active opening ,eports DBL. Values fell in light volume on a wave of trade selling.

COFFEE	Yesterd'ys Close	+ or —	Business Done
July	1710-24	—23.0	1781-1705
Sep	1750 55	—30.0	1850-1743
Nov.	1802-04	—24.0	1876-1785
Jan.	1830 40	—23.5	1900-1820
March	1832-35	—26.5	1900-1865
May	1840 50	—35.0	1906-1840
Jul	1840-00	—25.0	1926-1926

Sales: 6,693 (7,608) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for July 10: Comp. daily 1979 127.52 (124.87): 15-day average 128.25 (128.57).

COCOA

During a relatively quiet day futures were initially £15 steadier but failed to hold these levels and eased to close at the lows. Producers were absent, while consumers showed only light scale-down buying interest, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
July	1761-1762	—10.0	1780-1785
Sept.	1731-1732	—5.0	1750-1730
Dec.	1703-1704	—1.0	1728-1705
Mar.	1707-1710	—	1725-1706
May	1721-1724	+3.0	1730-1718
July	1730-1740	+4.5	1735-1750
Sept	1730-1750	—2.5	1752

Sales: 2,498 (3,981) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for July 11: 101.63 (101.68): five-day average for July 12: 101.17 (100.62).

SUGAR

LONDON DAILY PRICE—Raw sugar $86.50 (£63.00), up $1.50 (up £1.50) a tonne for July-August delivery. White sugar $134.00, up $2.00.

The market lacked buying interest at the higher levels and prices fell back some $2.00 before support was uncovered, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	87.6 88.0	88.8-89.0	88.8-87.4
Oct	89.8 91.0	92.0-92.0	92.0-90.2
Dec	95.6-94.0	95.2-95.6	94.4-93.0
Mar	102.8-103.0	103.6-103.8	104.0-102.4
May	106.8-107.2	107.8-108.0	107.6-107.2
Aug	110.8-112.8	111.0-113.0	112.2
Oct	114.8-115.6	115.8-116.0	115.6-114.8

Sales: 756 (2,377) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £164.00 (£163.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for July 10: Daily price 2.82 (2.68): 15-day average 2.71 (same).

SOYABEAN MEAL

Prices were slightly firmer due to weaker sterling and a stronger Chicago market. Quiet physicals limited activity.

	Yesterday close £ per tonne	+ or —	Business Done
August	109.2-109.8	+0.40	109.5
October	115.5-115.5	+0.40	116.0-114.5
Dec	120.5-121.0	+0.85	120.5
Feb	125.5-126 5	+0.50	—
Apr	125.5-127.8	+0.65	—
June	127.0-128.5	+0.50	—
August	129.0 130.0	+0.25	—

Sales: 117 (681) lots of 20 tonnes.

OIL

The crude market ignored the Mexican price cuts. August Brent traded in a narrow price range but forward months were neglected. Nymex opened 23c down for August and traded 10c down at 1 pm EST but in the interim had traded erratically in a 38c range either side of the previous close. Gas oil prices fell slightly in a thin market. Gasoline and naptha were stable at the recent high levels—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)— July		
Arab Light	26.90-27.00*	—
Arab Heavy	25.05-25.10*	—
Dubai	25.65-25.75*	—
Brent Blend	26.45-26.50*	+0.025
W.T.I. (1pm est)	27.50-27.58*	+0.20
Forcados (Nigeria)	26.45-26.55	—
Urals. (cif NME)	25.50-25.70	+0.05

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	286-288	—
Gas Oil	218-219	—
Heavy fuel oil	130-132	—
Naphtha	263-266	—

*August

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
Aug	216.25	—1.00	218.00-16.00
Sep	216.25	+0.50	217.75-15.50
Oct	217.25	—0.75	214.50-17.25
Nov	219.75	+0.75	220.00-19.75
Dec	221.50	—1.50	—
Jan	221.00	+1.25	221.00

Turnover: 2,243 lots of 100 tonnes.

POTATOES

The market opened immediately lower and morning trade was in a narrow range. After a quiet afternoon prices slipped at the close to finish weak, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business Done
Nov	57.60	59.00	58.40-58.90
Feb	66.50	67.30	66.00-65.40
Apr	76.60	78.00	77.30-76.60
May	82.40	84.10	83.00-82.40

Sales: 261 (225) lots of 40 tonnes.

PIGMEAT

Hints of an August squeeze prompted short-covering but the underlying trend in physicals was easier, reports CCST Commodities.

Month	Yesterdays close p. per kilo (deadweight)	Previous close	Business done
Aug.	104.70	103.50	105.00-105.00
Oct.	106.50	105.40	108.80-106.70
Nov.	107.20	106.60	107.10-106.80
Feb.	98.80	98.40	—
April	99.00	98.00	—
June	98.50	97.70	—

Sales: 79 (9) lots of 50 carcases, 3,250 kg.

MEAT

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 78.0-81.0): English forequarters 81.0-84.5; Ulster hindquarters 87.5-90.0. Veal—Dutch hinds and ends 140.0-145.0. Lamb—English small 66.0-72.0, medium 64.0-68.0, heavy 64.0-65.0; Scotch heavy 62.0-64.0: Imported: New Zealand PL 65.0-65.5, PX 64.5-65.0. Pork—English under 100 lb 47.0-57.0, 100-120 lb 50.5-55.0, 120-160 lb 43.0-48.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.58p per kg lw (−1.09). GB—Sheep 154.15p per kg est dcw (−2.62). GB—Pigs 74.57p per kg lw (−4.23).

COTTON

LIVERPOOL — Spot and shipment sales amounted to 27 tonnes. Operations continued on a restricted basis but occasional support came through in Colombian growths.

INDICES

FINANCIAL TIMES

July 10	July 9	M'th ago	Year ago
271.49	272.67	278.53	297.65

(Base: July 1 1952 = 100)

REUTERS

July 11	July 10	M'th ago	Year ago
1698.0	1696.6	1769.9	1917.4

(Base: September 18 1931 = 100)

MOODY'S

May 14	May 13	M'th ago	Year ago
921.9	923.9	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	July 10	July 9	Month ago	Year ago
Spot	117.45	117.11	—	132.96
Fut.	118.67	117.61	—	129.10

(Base: December 31 1974 = 100)

U.S. MARKETS

PRECIOUS METALS came under pressure on disappointed long liquidation prompted by the failure to react to dollar weakness, reports Heinold Commodities. Copper and aluminium were generally featureless with light support evident from trade source. Sugar remained steady on the lack of fresh physical inquiry for raw sugar. Cocoa weakened on reports of more favourable weather in the growing areas of Africa. Coffee lost early strength when continuing concern over the prospect of cooler weather moving into Brazil faded. Cotton weakened reflecting an increase in the yield forecast by USDA for the new crop. Heating oil declined as energy markets responded to a crude oil cut by Mexico. Wheat traded lower on continued heavy hedging as the winter wheat harvest moved into its final phases. Soyabeans lost ground as sharply lower oil prices raised fears about future deliveries. Maize was mixed on late buying on long-range weather forecasts indicating below-normal precipitation.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
July	44.45	—	—	44.60
August	44.65	—	—	44.80
Sept	44.95	45.10	44.95	45.10
Dec	45.90	45.95	45.95	46.05
Jan	46.20	—	—	46.35
March	46.85	—	—	47.00
May	47.55	—	—	47.70
July	48.25	—	—	48.40
Sept	48.95	—	—	49.10
Jan	50.35	—	—	50.50

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
July	2099	2100	2085	2108
Sept	2149	2154	2126	2157
Dec	2154	2160	2130	2156
March	2165	2165	2136	2160
May	2165	—	—	2173
July	2175	—	—	2183
Sept	2210	—	—	2194
Dec	2190	—	—	2204

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
July	138.95	142.40	138.90	142.50
Sept	141.07	143.64	141.00	143.12
Dec	141.83	144.50	141.75	144.11
March	141.43	144.25	141.40	143.85
May	141.50	143.45	143.46	143.50
July	142.08	143.15	141.95	142.15
Sept	140.40	142.25	141.45	141.50
Dec	140.07	—	—	142.63

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
July	60.10	60.10	59.60	59.90
August	60.35	—	—	60.25
Sept	60.80	61.10	60.30	60.70
Dec	61.85	62.00	61.40	61.75
Jan	62.20	—	—	62.10
March	62.85	62.85	62.50	62.75
May	63.35	63.45	63.10	63.30
July	63.85	63.55	63.55	63.75
Sept	64.35	—	—	64.25
Dec	65.05	—	—	64.95

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Oct	60.45	61.15	60.35	61.20
Dec	60.74	61.43	60.70	61.46
March	61.56	62.20	61.56	62.30
May	61.92	62.39	61.90	62.56
July	61.72	62.35	62.00	62.45
Oct	58.55	—	—	59.07
Dec	58.20	58.65	58.20	58.65

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
August	27.29	27.70	27.28	27.56
Sept	26.61	26.90	26.60	26.88
Oct	26.10	26.37	26.11	26.36
Nov	25.75	25.90	25.75	25.96
Dec	25.45	25.62	25.45	25.63
Jan	25.18	25.30	25.18	25.36
Feb	24.90	24.95	24.90	25.06
March	24.60	24.61	24.61	24.80
April	24.30	24.37	24.30	24.60
May	24.30	—	—	24.40

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
July	314.0	—	—	315.1
August	315.1	316.2	313.7	316.2
Sept	316.8	—	—	317.9
Oct	318.6	319.8	317.2	319.6
Dec	322.5	323.7	321.0	323.5
Feb	326.6	327.4	324.9	327.5
April	330.7	331.0	331.0	331.5
June	335.2	—	—	335.9
August	339.8	—	—	340.3
Oct	344.7	—	—	345.0
Dec	349.7	349.0	347.9	349.8
Feb	354.9	—	—	354.8
April	360.2	—	—	359.9

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
August	69.60	70.10	69.40	70.15
Sept	70.10	70.75	69.80	70.72
Oct	70.80	71.50	70.60	71.39
Nov	71.40	72.00	71.30	71.90
Dec	71.82	72.50	71.77	72.74
Jan	72.20	72.25	72.20	73.00
Feb	71.85	72.10	71.90	72.70

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	138.00	139.25	137.00	136.80
Sept	135.35	135.85	134.50	134.85
Nov	132.90	133.50	132.60	132.75
Jan	130.75	131.70	130.75	130.80
March	130.75	130.90	130.50	130.25
May	130.75	—	—	130.25
July	130.75	—	—	130.25
Sept	130.75	—	—	130.25
Nov	130.75	—	—	130.25

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
July	264.2	267.0	264.0	266.9
Oct	264.2	268.0	263.0	267.1
Jan	269.1	272.0	268.5	272.0
April	274.0	276.0	274.0	276.9
July	279.3	—	—	282.2

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
July	600.0	606.5	596.0	607.2
August	602.3	—	—	609.9
Sept	606.6	617.5	602.5	614.0
Dec	618.4	628.0	614.0	625.6
Jan	622.6	622.0	622.0	629.7
March	630.8	637.0	627.0	637.8
May	639.4	—	—	646.1
July	648.8	652.0	651.0	655.2
Sept	658.8	663.0	660.0	665.0
Dec	673.8	679.0	670.5	679.5

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	2.86	2.86	2.81	2.86
Oct	2.97	2.99	2.92	2.98
Jan	3.18	3.18	3.13	3.15
March	3.52	3.53	3.48	3.52
May	3.71	3.72	3.68	3.71
July	3.89	3.91	3.86	3.90
Sept	3.96	—	—	3.99
Oct	4.10	4.13	4.09	4.14

CHICAGO

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
July	271.4	271.6	268.6	269.6
Sept	252.4	253.0	251.0	252.2
Dec	246.2	247.6	245.2	246.2
March	255.0	256.0	253.6	254.6
May	258.4	260.0	257.6	258.4
July	258.4	259.6	258.0	258.0
Sept	249.0	249.0	244.4	244.6

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	569.0	573.4	566.0	570.6
August	561.4	569.0	560.4	565.4
Sept	563.2	569.0	559.0	564.2
Nov	570.2	574.4	565.0	570.4
Jan	580.6	584.4	575.0	580.6
March	591.4	594.0	586.0	592.0
May	598.0	601.4	594.0	599.0
July	602.0	605.0	598.4	603.0
August	599.0	600.0	596.0	598.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	130.1	130.3	125.8	128.7
August	131.2	131.4	127.3	128.8
Sept	133.8	134.2	130.1	131.6
Oct	136.5	136.5	133.1	134.1
Dec	141.7	142.0	138.3	139.4
Jan	144.0	144.2	140.5	141.7
March	147.0	147.5	144.2	145.0
May	151.8	153.0	151.0	151.0
July	156.5	156.5	155.0	155.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	28.17	28.30	28.16	29.09
August	27.02	27.60	26.93	27.88
Sept	26.53	26.95	26.45	27.29
Oct	26.00	26.35	25.90	26.58
Dec	25.46	25.80	25.42	26.05
Jan	25.00	25.45	26.00	25.80
March	24.97	25.25	24.90	25.50
May	24.93	25.05	24.80	25.40
July	24.55	24.80	24.50	24.85
August	24.50	24.70	24.40	24.80

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	309.2	312.4	309.0	311.0
Sept	314.6	317.6	314.2	316.0
Dec	322.6	324.6	322 0	323.8
March	322.0	324.2	321.6	323.4
May	310.4	313.0	310.2	311.6
July	295.6	298.4	295.6	297.4

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
August	57.85	58.17	56.92	57.70
Oct	59.35	59.57	58.40	59.27
Dec	61.55	61.90	60.80	61.65
Feb	62.35	62.67	61.50	62.47
April	63.00	63.40	62.65	63.30
June	63.40	63.80	63.25	63.80

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	58.22	59.15	56.80	58.80
August	58.20	59.45	57.10	59.10
Feb	66.20	67.80	66.35	67.25
March	65.65	67.20	64.75	66.75
May	66.65	68.10	65.70	67.70
July	66.60	66.10	65.70	67.70
August	64.50	64.50	63.80	65.80

SPOT PRICES—Chicago loose lard 16.00 (17.00) cents per pound. New York tin 575.0-78.0 (580.0-90.0) cents per pound. Handy and Harman silver 605.0 (same) cents per troy ounce.

OTHER MARKETS

PARIS

SUGAR—(FFr per tonne): Aug 1716/1188, Oct 1163/1166, Dec 1165/1176, March 1180/1190, May 1210/1224, Aug 1255/1275.

COCOA—(FFr per 100 kg): July 2020/2120, Sept 2093/2095, Dec 2050/2067, March 2070 ask, May 2075 ask, July 2080 ask, Sept 2085 ask.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 622.5, 625.0, 625.0-623.0; Oct 618.0, 620.0, nil; Dec 620.0, 623.5, nil; Mar 626.0, 630.0, 628.0; May 630.0, 644.0, nil; July 633.0, 664.0, nil; Oct 620.0, 638.0, nil; Dec 633.0, 639.0, 637.0. Sales: 14.

HIDES

HIDES—Manchester (Leeds). Second clears. Ox: 31-35.5 kg, 92.2p a kg (92.0p): 26-30.5 kg, 106.1p a kg (106.0p withdrawn): 22-25.5 kg. 114.0p (115.0p withdrawn). Cows: under 25.5 kg, 110.0p withdrawn (111.6p).

ROTTERDAM

WHEAT—U.S. $ per tonne): U.S. two soft red winter afloat 134, Aug 138, Sept 140, Oct 144, Nov 147 sellers. U.S. two northern spring 14 per cent protein spot 169, July 15/Aug 15 161.50, Aug 157.50, Sept 158.50, Oct 159, Nov 162.50 sellers. U.S. northern spring 15 per cent protein Aug 168.50, Sept 167.50, Oct 170, Nov 173 sellers. U.S. three hard amber durum July 168, Aug 167, Sept 163, Oct 166, Nov 169 sellers. Canadian one western amber durum July 176, Aug 174, Sept 172.50, Oct 176 sellers.

MAIZE—(U.S. $ per tonne): U.S. three yellow afloat 127, July 126, Aug 125, Sept 122, Oct/Dec 119, Jan/Mar 123 sellers. Argentine Plate afloat 132, July 132, Aug and Sept 129 sellers.

CURRENCIES, MONEY and CAPITAL MARKET

FOREIGN EXCHANGES

Pound and dollar fall

Sterling fell in currency markets yesterday on expectations of lower UK interest rates while the dollar met renewed selling after the opening of U.S. markets. The pound touched its best level early in the day, its exchange rate index opening at 84.0 from 83.9 on Wednesday night. It touched a low at midday of 83.0 but recovered to finish at 83.4, still down from the previous close.

The pound's reversal after its recent rise was partly due to natural profit taking but was mainly a reflection of a half-point reduction in the Bank of England's short-term money market dealing rates. At the same time Citibank reduced its UK base rate to 12 per cent from 12½ per cent.

The pound touched a low of $1.3600 against the dollar but recovered to finish at $1.3815-$1.3825, still a fall of 45 points from Wednesday's close. Its weaker trend was more pronounced in terms of its major European partners, falling to DM 4.0275 from DM 4.0725 and FFr 12.2650 compared with FFr 12.3775. It was also lower against the Swiss franc at SwFr 3.3625 from SwFr 3.3950 and Y335.50 compared with Y337.50.

The dollar fell to its lowest level since early September 1984 against the D-mark, closing at DM 2.9185 from DM 2.9375 on Wednesday. Trading was rather nervous as the market reacted to expectations that U.S. economic data due for release today would show further sluggishness in the U.S. economy.

Against the yen it slipped to Y243.00 from Y243.45 and SwFr 2.4335 compared with SwFr 2.45. Against the French franc it fell to FFr 8.87 from FFr 8.9350. On Bank of England figures, the dollar's exchange rate index was unchanged at 140.3.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.9375. June average 3.0639. Exchange rate index 123.3 against 120.5 six months ago.

The dollar closed at DM 2.9410 in Frankfurt yesterday but slipped in after-hours trading to DM 2.9275 compared with Wednesday's close of DM 2.9330. Trading was nervous ahead of the release of U.S. money supply figures, due to be announced after the close of trading in Europe. Further U.S. economic data is due for release today including June retail sales figures and these are expected to show a modest decline. Sterling reversed its firmer trend on news of a cut in Bank of England dealing rates.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian franc ...	44.9008	45.4006	+1.11	+0.72	±1.5471
Danish krone ...	8.14104	8.09837	−0.52	−0.91	±1.6419
German D-mark.	2.24184	2.25452	+0.57	+0.18	±1.1475
French franc......	6.87456	6.85394	−0.30	−0.69	±1.3669
Dutch guilder ...	2.52595	2.53864	+0.50	+0.11	±1.5171
Irish punt.........	0.72569	0.719402	−0.87	−1.26	±1.6673
Italian lira	1403.49	1450.81	+3.37	+3.12	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

	July 11	Previous
8.30 am	84.0	83.2
9.00 am	84.0	83.2
10.00 am	83.6	83.5
11.00 am	83.4	84.2
Noon	83.0	84.3
1.00 pm	83.5	84.4
2.00 pm	83.3	84.1
3.00 pm	83.2	83.8
4.00 pm	83.4	83.9

£ IN NEW YORK

	July 11	Prev. close
£ Spot	$1.3760-1.3770	$1.3855-3865
1 month	0.60-0.58 pm	0.60-0.57 pm
3 months	1.52-1.49 pm	1.52-1.48pm
12 months	4.35-4.25 pm	4.30-4.15pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

July 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3600-1.3885	1.3815-1.3825	0.54-0.51c pm	4.56	1.49-1.44pm	4.24
Canada	1.8508-1.8773	1.8665-1.8685	0.50-0.41c pm	2.92	1.28-1.16pm	2.61
Nethlnd.	4.52¾-4.59	4.53-4.54	2⅛-2⅞c pm	5.79	6½-6¼pm	5.62
Belgium	80.85-82.03	80.85-80.95	28-22c pm	3.71	67-60pm	3.14
Denmark	14.44⅞-14.61½	14.46½-14.47½	4¼-3¾ore pm	3.11	10½-9¼pm	2.73
Ireland	1.2821-1.2987	1.2853-1.2863	0.21-0.06p pm	1.21	0.50-0.25pm	1.17
W. Ger.	4.01½-4.07¼	4.02¾-4.03¾	2½-2¼pf pm	7.26	7¼-7pm	7.08
Portugal	228¼-234¼	230½-233½	250-530c dis	−20.17	630-1660dis	−19.74
Spain	231-234	231¼-231¾	45-80c dis	−3.24	175-230dis	−3.50
Italy	2.572¾-2.617¾	2.594½-2.595½	par-3 lire dis	−0.69	7-12dis	−1.45
Norway	11.61½-11.74¾	11.66½-11.67½	¼ore pm-¼ dis	−0.13	1-1⅞dis	−0.49
France	12.22-12.37¾	12.26-12.27	2½-2¼c pm	2.26	5¾-4⅞pm	1.67
Sweden	11.66-11.79½	11.69-11.70	3¼-3⅞ore dis	−3.59	9¾-10½dis	−3.31
Japan	332¼-337¼	335-336	1.75-1.65y pm	6.08	4.90-4.75pm	5.75
Austria	28.27-28.60	28.28-28.34	16¼-13¾gro pm	6.15	40½-36¾pm	5.43
Switz.	3.35-3.39¾	3.35¾-3.36¾	2¼-2⅛c pm	7.81	6-5¾pm	6.99

Belgian rate is for convertible francs. Financial franc 82.45-82.55. Six-month forward dollar 2.57-2.52c pm, 12-month 4.00-3.85c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

July 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3600-1.3885	1.3815-1.3825	0.54-0.51c pm	4.56	1.49-1.44pm	4.24
Ireland†	1.0610-1.0765	1.0735-1.0750	0.35-0.25c pm	3.39	0.90-0.75pm	3.10
Canada	1.3520-1.3543	1.3525-1.3535	0.17-0.20c dis	−1.64	0.54-0.57dis	−1.64
Nethlnd.	3.2760-3.3285	3.2845-3.2855	0.33-0.30c pm	1.14	1.13-1.10pm	1.34
Belgium	58.50-59.45	58.55-58.65	4-5c dis	−0.91	12-14dis	−0.88
Denmark	10.45-10.60½	10.47-10.47½	1-1½ore dis	−1.42	3½-4dis	−1.42
W. Ger.	2.9100-2.9530	2.9180-2.9190	0.70-0.65pf pm	2.75	2.04-1.99pm	2.73
Portugal	169-170¾	169½-170	250-500c dis	−26.47	850-1400dis	−24.12
Spain	167.40-169.55	167.70-168.10	110-120c dis	−8.16	325-355dis	−8.04
Italy	1,879-1,897½	1,879-1,880	9½-10 lire dis	−6.18	28¾-29dis	−6.05
Norway	8.45¾-8.52½	8.50¼-8.50¾	3-3½ore dis	−4.58	9¾-10¼dis	−4.69
France	8.86½-8.97¼	8.86¾-8.87¼	1.75-1.85c dis	−2.41	5.90-6.10dis	−2.68
Sweden	8.48¼-8.56½	8.51¾-8.52¼	5-5½ore dis	−7.36	14¼-14¾dis	−6.78
Japan	242.75-243.95	242.95-243.05	0.34-0.30y pm	1.58	0.96-0.91pm	1.53
Austria	20.44-20.75	20.44-20.49	3-2¼gro pm	1.52	7¼-4¾pm	1.16
Switz.	2.4250-2.4650	2.4330-2.4340	0.61-0.56c pm	2.83	1.71-1.65pm	2.73

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 59.65-59.75.

OTHER CURRENCIES

July 11	£	$		£ Note Rates
Argentina Austl.	1.0940-1.0970	0.8000-0.8010	Austria	28.30-28.60
Australia Dollar.	1.9720-1.9765	1.4370-1.4390	Belgium	81.75-82.55
Brazil Cruzeiro...	8,399 8,437	6,140-6,160	Denmark	11.45-11.58
Finland Markka.	8.3665 8.3995	6.1335-6.1365	France	12.23-12.36
Greek Drachma.	179.98 183.87	129.89-132.61	Germany	4.02¼-4.06¼
HongKong Dollar	10.6280-10.6380	7.7560 7.7580	Italy	2570-2610
Iran Rial	127.75*	91.00*	Japan	336-341
KuwaitDinar(KD)	0.4125 0.4135	0.30140-0.30150	Netherlands	4.53 4.58
Luxembourg Fr.	80.85-80.95	58.55-58.65	Norway	11.63-11.75
Malaysia Dollar..	3.3780-3.3840	2.4650-2.4670	Portugal	225-237
New Zealand Dlr.	2.8535 2.8615	2.0660-2.0705	Spain	223½-233½
Saudi Arab Riyal	4.9975 5.0065	3.6500-3.6505	Sweden	11.67-11.78
Singapore Dollar	3.0330-3.0390	2.2130-2.2150	Switzerland	3.35¾-3.38¾
Sth African Rand	2.6380 2.6510	1.9305-1.9345	United States	1.38-1.38
U.A.E. Dirham...	5.0210 5.0305	3.6720-3.6730	Yugoslavia	375-395

* Selling rate.

CURRENCY MOVEMENTS

July 11	Bank of England Index	Morgan Guaranty Change %
Sterling	83.4	−5.9
U.S. dollar	140.3	+26.3
Canadian dollar	87.4	−6.6
Austrian schilling	113.9	+2.8
Belgian franc	90.1	−11.6
Danish Kroner	78.7	−6.3
Deutsche mark	123.3	+7.2
Swiss franc	142.9	+9.1
Guilder	113.8	+3.7
French franc	66.1	−14.5
Lira	45.4	−18.2
Yen	155.6	+12.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

July 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.743649	0.558369
U.S. $	7½	1.01456	0.765803
Canadian $	9.58	*	1.03551
Austria Sch.	4½	20.9983	15.8674
Belgian Fr	9½	60.1964	45.4006
Danish Kr	7	10.7340	8.09837
Dmark	4½	2.99498	2.25452
Guilder	5½	3.36479	2.53864
French Fr	9½	9.08792	6.85394
Lira	15½	1920.94	1450.81
Yen	5	247.095	186.564
Norway Kr	8	8.68376	6.50396
Span'h Pta	—	171.745	129.704
Swedish K	1.5	N/A	6.53077
Swiss Fr	4	2.49785	1.88211
Greek Dr'ch	20½	133.486	100.688
Irish Punt	13¾	N/A	0.719402

* C$/SDR rate for July 10: 1.37730.

EXCHANGE CROSS RATES

July 11	Pound Sterling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.382	4.028	335.5	12.27	3.363	4.535	2595.	1.868	80.90
U.S. Dollar	0.724	1.	2.919	243.0	8.870	2.434	3.285	1880.	1.351	58.60
Deutschemark	0.248	0.343	1.	83.30	3.045	0.835	1.126	644.3	0.464	20.09
Japanese Yen 1,000	2.981	4.119	12.00	1000.	36.56	10.02	13.52	7735.	5.566	241.1
French Franc 10	0.816	1.127	3.284	273.5	10.	2.742	3.698	2116.	1.522	65.96
Swiss Franc	0.297	0.411	1.198	99.76	3.648	1.	1.349	771.7	0.555	24.06
Dutch Guilder	0.221	0.304	0.888	73.96	2.705	0.741	1.	572.2	0.412	17.84
Italian Lira 1,000	0.385	0.532	1.552	129.3	4.726	1.296	1.748	1000.	0.720	31.18
Canadian Dollar	0.535	0.740	2.157	179.7	6.568	1.801	2.428	1390.	1.	43.32
Belgian Franc 100	1.236	1.708	4.978	414.7	15.16	4.156	5.606	3208.	2.308	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	12¼-12⅜	7⅜-7⅞	9-9¼	6⅛-6⅝	4⅞-5⅛	5-5⅛	10-10⅛	12¾-13¼	8¾-9	8⅝-8⅞	6⅜-6⅝	9¼-9¾
Three months	12⅛-12¼	7¾-7⅞	9⅛-9⅜	6⅛-6⅜	5⅛-5⅜	5⅛-5¼	10¼-10⅝	13⅝-15¼	8¾-9	8⅞-9⅛	6⅜-6⅝	9⅛-9⅝
Six months	11⅞-11⅞	7⅞-8	9¼-9½	6¼-6⅜	5⅛-5¼	5¼-5⅜	10½-10⅝	13⅞-14¼	8⅞-9⅛	9-9¼	6¼-6⅜	9¼-9¾
One year	11⅞-11⅞	8⅛-8⅞	9⅜-9⅝	6⅛-6⅜	5⅛-5⅜	5⅛-5¼	11-11¼	14⅛-14⅝	9¼-9½	9¼-9½	6¼-6⅜	9⅜-9⅞

Asian $ (closing rates in Singapore): Short-term 7¹¹⁄₁₆-7¹¹⁄₁₆ per cent; seven days 7⅝-7⅞ per cent; one month 7¹¹⁄₁₆-7¹³⁄₁₆ per cent; three months 7¹¹⁄₁₆-7¹³⁄₁₆ per cent; six months 7¹³⁄₁₆-7¹⁵⁄₁₆ per cent; one year 8⅛-8¼ per cent. Long-term Eurodollars: two years 9-9¼ per cent; three years 9½-9¾ per cent; four years 9⅞-10⅛ per cent; five years 10⅛-10½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Bank of England cuts dealing rates

The recent weakness of the dollar has put downward pressure on interest rates in the major financial centres of the world. The Bank of England indicated it would not be adverse to a small cut in bank base rates, by reducing its money market dealing rates by up to ½ per cent. Citibank, the major U.S. bank, cut its U.K. base rate by ½ per cent to 12 per cent, but by yesterday's close none of the major British banks had followed.

Early yesterday morning the Bank of Sweden cut 1 per cent from its discount rate, to 10½ per cent, and in Paris the Bank of France reduced its money market intervention rate by ¼ per cent to 9⅞ per cent, when injecting liquidity through purchases of first category paper. Call money in Paris had already fallen to 10 per cent from 10¼ per cent.

In Frankfurt call money remained at 5.20 per cent, and although there are doubts whether next week's Bundesbank council meeting will result in a cut in the German discount or Lombard rates, the central bank is expected to keep the downward pressure on rates, possibly by reducing the rate on three-day Treasury bills.

In London the Bank of England forecast a money market shortage of £600m at first, and offered an early round of help, the first this week in spite of some larger shortages. Later in the day the shortage was revised to £800m, as the Bank of England at first cut its dealing rate on short dated bills by ¼ per cent, and then by another ¼ per cent in the afternoon.

Total help on the day was £716m. The early help involved the authorities buying £23m bank bills in band 1 at 12⅛-12⅛ per cent. Another £534m bills were purchased for resale to the market on July 18 at 12⅛-12³⁄₃₂ per cent.

No further assistance was provided before lunch, but in the afternoon the Bank of England bought £69m bills outright, by way of £50m bank bills in band 1 at 11⅞-12⅛ per cent; £4m bank bills in band 3 at 11⅞-12 per cent; and £15m bank bills in band 4 at 11⅞ per cent. Late assistance of around £90m was also given.

Bills maturing in official hands drained £171m, with the unwinding of repurchase agreements absorbing £574m and a rise in the note circulation £30m. These outweighed Exchequer transactions adding £85m to liquidity and bank balances above target by £80m.

UK clearing banks base lending rate 12-12½ per cent since July 11

MONEY RATES

July 11	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.15-5.25	10	1⅞-2⅛	6⅛-6⅝	6.15625	14⅛-14⅞	6.50	—
One month	5.30 5.45	10-10⅛	4⅞-5	6⅛-6⅞	6.28125	13⅞-14¼	8⅝-8⅞	—
Two months	5.30-5.45	10-10⅛	—	—	—	—	—	—
Three months	5.30-5.45	10⅛-10⅛	5-5⅛	6⅛-6⅛	6.34375	14¼-14⅝	8⅞-9⅛	—
Six months	5.30-5.45	10⅛-10⅛	—	6⅛-6¼	—	—	9-9¼	—
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	9⅞	—	6⅝	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

July 11 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11½-14	12-12⅜	12-13	11-12¾	—	—	—	—	—
2 days notice	—	—	12⅛-12¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¼-12⅝	12⅛-12¾	12⅛-13	12⅛-12¾	—	—	—	—	—
One month	12⅛-12⅛	12¼-12⅜	12⅛	12⅜	12⅛	11⅞	11¾	11⅞	11⅞	12⅛
Two months	12¼ 12⅛	12⅛-12⅛	12⅛	12⅛	11⅞	11⅞	11¾	11⅞-11⅞	11⅞-11¾	12⅛
Three months	12⅛-12	12⅛-12⅛	12⅛	12¼	11¾	11⅞	11½	11⅞-11¾	11⅞	12⅛
Six months	11¾-11⅝	11⅞ 12⅛	11⅞	—	—	—	—	11¼	11⅛	11⅞
Nine months	11⅞ 11⅞	11¾-12	—	—	—	—	—	—	—	—
One year	11⅞-11⅞	11⅝-11⅞	11⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅞-12⅝	—	12⅝	7.5-7.6	7⅝-7⅞	8⅞-9⅛
Two months	12⅞-12⅞	—	12¼	7.5-7.6	7⅞-7⅞	9⅛-9⅛
Three months	12⅝-12⅝	—	12¼	7.55-7.65	7⅞-7⅞	9⅛-9⅛
Six months	12⅛-12¼	—	12	7.7-7.8	7¾-8	9⅛-9⅛
Nine months	12¼-12	—	11⅞	7.95-8.05	—	—
One year	12⅛-11⅞	—	11⅞	8.1 8.2	8⅛ 8¼	9⅛ 9¼
Two years	—	11½	—	—	—	—
Three years	—	11⅝	—	—	—	—
Four years	—	11⅝	—	—	—	—
Five years	—	11⅝	—	—	—	—

ECGD Fixed Finance IV: Average Rate of Interest period June 5 to July 2 (inclusive): 12.535 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13 per cent from July 1, 1985. London and Scottish Clearing Bank Rates for lending 12½ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-6.75 per cent (net). Treasury Bills: Average tender rate of discount 11.9246 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 12¾ per cent; one-three months 12½ per cent; three-six months 12¾ per cent; six-nine months 12 per cent; nine-12 months 12 per cent. Under £10,000 11½ per cent from June 27. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTERBANK FIXING FT LONDON

(11.00 a.m. July 11)

3 months U.S. dollars	
bid 7 3/4	offer 7 7/8

6 months U.S. dollars	
bid 7 7/8	offer 8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	8¾
Fed funds	7⅞
Fed funds at intervention	7¹³⁄₁₆

Treasury Bills

One month	6.70
Two month	6.90
Three month	7.00
Six month	7.13
One year	7.22

Treasury Bonds

Two year	99²⁹⁄₃₂
Three year	102¹⁹⁄₃₂
Four year	100¾
Five year	101
Seven year	101¹⁹⁄₃₂
10 year	105⁴⁄₃₂
30 year	107²³⁄₃₂

FINANCIAL FUTURES

Gilts stay firm

Sterling denominated contracts were firm, while dollar interest rate contracts weakened on the London International Financial Futures Exchange yesterday. Gilts were volatile but generally stronger, as the cut in the Bank of England's money market dealing rates was accompanied by a reduction of ½ per cent to 12 per cent in Citibank's UK base rate. The major British banks are expected to follow, either today or early next week. September gilts opened at 111-19, and fell to a low of 111-12, as the pound lost ground to the dollar and other major currencies on the foreign exchanges. A late improvement by sterling, and anticipation of lower London interest rates, pushed the contract up quite sharply in late trading, to a new contract high. It closed at 111-24 compared with 111-17 previously. There was some nervousness ahead of today's UK retail price index.

Three month sterling for September delivery rose to 88.50 from 88.36 in anticipation of lower base rates by UK banks.

Eurodollar's and U.S. Treasury bond futures weakened, ahead of last night's U.S. money supply figures. These were expected to show a sharp rise, and the market was also nervous before today's announcement of U.S. retail sales and producer prices in June. U.S. traders were heavy sellers, as the dollar remained weak on the foreign exchanges.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	92.09	92.15	92.07	92.16
Dec	91.65	91.71	91.64	91.72
March	91.22	91.28	91.21	91.29
June	90.81	90.90	90.80	90.90
Sept	90.49	90.56	90.55	90.57

Est volume 5,630 (5,528)
Previous day's open int 18,096 (18,346)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
Sept	88.50	88.52	88.36	88.36
Dec	89.19	89.20	89.07	89.02
March	89.40	89.40	89.28	89.19
June	89.43	89.35	89.35	89.25
Sept	89.45	—	—	89.40

Est volume 4,226 (2,128)
Previous day's open int 5,944 (5,706)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	111-24	111-25	111-12	111-17
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

Est volume [illegible]
Previous day's open int [illegible]
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) [illegible] (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARKS DM 125,000 $ per DM — [illegible]

SWISS FRANCS SwFr 125,000 $ per SwFr — [illegible]

JAPANESE YEN Y12.5m $ per Y100 — [illegible]

FT-SE 100 INDEX £25 per full index point — [illegible]

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	77-22	77-29	77-16	78-12
Dec	76-22	76-26	76-22	77-11
March	75-22	—	—	76.11

Est volume 2,271 (3,359)
Previous day's open int 2,377 (2,799)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	77-20	77-27	77-18	78-00
Dec	76-18	76-24	76-14	76-30
March	75-18	75-20	75-14	75-29
June	74-20	74-20	74-16	74-30
Sept	73-29	73-23	73-17	74-01
Dec	72-27	72-27	72-23	73-05
March	—	—	—	72-10
June	—	—	—	71-17
Sept	—	—	—	—
Dec	—	—	—	70-05
March	—	—	—	69-17

U.S. TREASURY BILLS (IMM) $1m points of 100% — [illegible]

CERT. DEPOSIT (IMM) — [illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100% — [illegible]

STERLING (IMM) Se per £ — [illegible]

GNMA (CBT) 8% $100,000 32nds of 100% — [illegible]

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 c per £				Eurodollar Future—points of 100%			
A firmer dollar produced nervous trading.				Moderate trading with the underlying future trading in the same vein.			
Est Volume		Previous day's open interest		Est Volume		Previous day's open interest	
Calls	Puts	Calls	Puts	Calls	Puts	Calls	Puts
555	568	6789	3474	30	148	417	373

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$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 10, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of July 10 at 11.00 a.m.
3 months: 7¹¹⁄₁₆ 6 months: 7⅞

ECU=$US0.769495 SDR1=$US1.01825
Sibor as of July 10 at 11.00 am.
3 months: 7¾ 6 months: 7¹³⁄₁₆

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	7.2793
Algeria	Dinar	5.033
Andorra	Fr. Franc	8.92
	Sp. Peseta	173.47
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	Austral (8)	0.805
Australia	Dollar	1.4526
Austria	Schilling	20.86
Azores	Port. Escudo	170.50
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.92
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, l)	3.11
Guinea Bissau	Peso	147.323
Guinea Rep	Syli	24.2429
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	2.85
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	615.50
Peru	Sol (o)	11664.
Philippines	Peso	18.24
Pitcairn Is.	N.Z. Dollar	2.0982
Poland	Zloty (o) (3)	158.23
Portugal	Escudo	170.50
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	8.92
Romania	Leu (o)	4.44

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99¹¹⁄₃₂	97¼	Treas 8¼pcCnv '85	99¹¹⁄₃₂	+¹⁄₁₆	8.80	12.30
101¾	99⅞	Exch. 12¼pc 1985	100⅟₁₆	+⅟₁₆	12.24	11.74
101⅛	99⅞	Exch. 11¼pc '86	100	+⅛	11.75	11.65
99⅛	97⅟₁₆	Treas. 10pcCnv 1986	98¹¹⁄₁₆	....	10.12	11.59
94⅞	92¼	Treas 3pc 1986	94⅝	+⅛	3.17	9.52
100	97⅛	Exch. 10½pc Cv '86	99¼	+⅟₁₆	10.58	11.37
101⅞	99¼	Treas 12pc 1986	100⅝	....	11.92	11.21
97¹¹⁄₁₆	94¼	Treas 8¾pc 1984-86‡‡	97¹¹⁄₁₆xd	+⅟₁₆	8.69	11.03
105⅟₁₆	102⅞	Exch. 14pc 1986	103⅟₁₆	....	13.57	11.21
93¼	87¼	Exch. 2½pc 1986	93¼	–⅛	2.68	7.78
104⅟₁₆	101¾	Exch. 13¼pc 1987	102¾xd	....	12.89	11.22
99½	96⅝	Treas 10¼pcCv '87	98¹¹⁄₁₆	....	10.39	11.19
91½	85½	Exch 2½pc 1987	91½	+⅛	2.73	8.24
99⅟₁₆	96¼	Exch. 10½pc 1987	98¹⁵⁄₁₆	–⅛	10.61	11.14
93¾	89	Funding 6½pc '85-87‡‡	93¼	....	6.97	10.68
98½	95½	Treas. 10pc 1987	98⅟₁₆	....	10.19	11.12
90¼	84¼	Treas 3pc 1987	90¼xd	+⅟₁₆	3.34	8.53
102¹¹⁄₁₆	99¼	Treas. 12pc 1987	101¹¹⁄₁₆	–⅟₁₆	11.80	11.09
93½	90¼	Treas 7¾pc 1985-88‡‡	93⅟₁₆xd	+⅟₁₆	8.30	10.84
98⅞	95¼	Exch 10½pc '88	98¹¹⁄₁₆	....	10.64	11.03
96¹¹⁄₁₆	93¼	Treas 9½pc Cv '88	96⅟₁₆	–⅟₁₆	10.09	11.15
86¼	80	Transport 3pc '78-88	86¼xd	+⅟₁₆	3.47	8.32

Five to Fifteen Years

Over Fifteen Years

Undated

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INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

1985 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
22⅞	16¼	Amer Medical Int $1	20¼xd	+⅝	60c	—	2.3
59¼	32	Amer Nat. Res. $1	51¾		h$1.41	—	2.1
20⅝	16¼	American T & T. $1	17⅛	+⅛	$1.20	—	5.5
79½	64⅞	Ameritech $1	78	+⅞	$6.00	—	6.7
25	16	Amfac	20½	+¼	$1.44	—	5.5
47p	29p	AridTech	33p		—	—	—
18½	14¼	Bankamerica $1⅝	14⅝	+¼	$1.52	—	8.2
60½	47	Bankers N.Y. $10	53⅝xd	+⅛	$2.70	—	3.9
12⅛	829p	BASIX Corp.	906p	+13	12c	—	1.0
80⅛	65½	Bell Atlantic $1	69⅛	+1½	$6.80	—	7.7
34¼	28⅝	Bellsouth $1	32	+1¼	$2.60	—	6.4
19¼	11⅞	Beth Steel $8	12⅛	+¼	40c	—	2.6
24	16⅛	Bowater Inc.	17⅞xd	+¼	72c	—	3.2
40½	31¼	Brown'g-Fer. 16⅔c	37	....	$1.08	—	2.3
37⅞	26⅛	Brunswick Corpn.$	28	+1¼	$1.00	—	2.8
525p	284p	Business Computer	284p	....	—	—	—
39⅞	31¼	CPC Intnl. 25c	33xd	+¼	$2.20	—	5.2
25	18⅝	CSX Corp U.S.$1.00	19⅛	+¼	$1.04	—	4.2
19⅝	13	CalFed Inc $1.00	18xd	+¼	32c	—	1.4
65⅞	51⅝	Campbell Soup 60c	58½xd	+1⅛	$5.00	—	6.7
31⅞	24⅝	Caterpillar Tractor$	27½xd	+1¼	50c	—	1.4
902p	604p	Cenergy Corp 25c	613p	+9	1c	—	0.1
52¼	40⅝	Chase M'htn $12.5	46½xd	+1	$3.80	—	6.4
38¼	29⅞	Chemical New York	31⅞	+½	$2.48	—	6.3
34½	24⅜	Chesebrough-Pond's $1	24½	...	$1.92	—	6.1
32⅛	24⅛	Chrysler $6¼	25	+⅝	$1.00	—	3.1
42¼	32⅛	Citicorp $4	38	+1⅝	$2.26	—	4.7
943p	788p	CityFed Fin. Corp.	943p	+14	Q40c	—	3.3
23½	19	Colgate-P. $1	19½	+½	$1.28	—	5.1
57⅝	44	Colt Inds. $1	46⅞	–⅝	$2.50	—	4.2
155p	40p	Cont Illinois Hldgs $1	64p	+1	—	—	—
238p	100p	Corporate Data Scnce.	132p		—	—	—
36¼	28⅛	Crown Zell. $5	29⅝xd	+1¼	$1.00	—	2.6
44¼	17¼	Cullinet Sftwr $0.1	17¼	–⅛	—	—	—
506p	248p	Damson Oil 40c	256p	+4	—	—	—
29	18⅞	Dana Corp. $1	19⅛	+½	$1.28	—	5.2
67	22⅛	Data General	26¼	+1⅝	—	—	—
77p	26p	Derma-Lock Medicl	28p	......	—	—	—
67	54⅛	Dun & Bradstreet $1	60xd	...	$1.88	—	2.5
55½	38⅛	Eaton Corpn. 50c	41⅛	+⅛	$1.20	—	2.3
46½	38⅛	Exxon$	39	+⅝	$3.40	—	6.8
20⅝	12⅛	FPL Group $0.01	20	+1⅝	h$1.88	—	7.4
974p	447p	Fin. Corpn. Amer. 50c	549p	+35	h34c	—	4.9
23⅝	16⅞	First Chicago $5	18	....	$1.33	—	5.8

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
270	236	AMEC 50p	260	+1	11.0	2.3	6.0	10.3
202	178	Aberdeen Const.	184	+4	7.25	♦	5.6	♦
310	190	Access Satellite 5p	205	–5	u2.0	2.5	1.4	40.2
25½	17	Allied Plant 5p	17½	....	B—	—	—	—
22	22	Amco Ind Hldgs.	22	.....	—	—	—	—
56	29	Amcliffe 10p	50	....	0.1	♦	0.3	♦
110	82	Atwoods	86	–2	3.5	1.8	5.8	15.1
280	212	BPB Inds. 50p	247xd	+4	7.7	3.0	4.5	9.8
266	206	Baggeridge Brick	250xd	...	6.25	3.7	3.6	10.8
32	20	Bailey (Ben) 10p	29	......	‡1.8	2.9	‡	3.7
40	25	Baldwin (H. J.) 10p	33	....	—	—	—	13.0
90	66	Barratt Dev. 10p	74	–2	7.63	1.1	14.7	9.1
138	111	Bellway	119	–3	7.0	2.0	8.4	7.9
71	61	Benford M. 10p	66	....	3.75	0.7	8.1	(35.1)
168	146	Berkeley Group	160xd	.....	3.6	♦	3.2	♦
64	50	Bett Bros. 20p	53	.....	d3.1	1.6	8.5	9.1
650	540	Blockleys 20p	650	.....	21.0	3.0	4.6	9.3

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
190	142	Lincroft Kilgour 10p	170	......	†5.5	2.5	4.7	9.9
313	209	MFI Furniture 10p	262	+7	♦14.6	2.8	2.5	19.9
148	115	Marks & Spencer	137	+2	3.4	2.0	3.5	20.0
70	50	Martin (A.) 20p	66	....	3.0	2.7	6.5	6.5
303	218	Menzies (J.)	262	+5	3.38	4.8	1.8	16.2
175	116	Milletts Leis. 20p	155	....	3.95	—	3.6	—
525	305	Moss Bros 20p	440	–5	5.0	3.4	1.6	25.5
130	96	NSS News 10p	114	+2	†3.3	2.9	4.1	12.0
365	275	Oliver (G.) "A"	312	–8	8.0	♦	3.7	♦
585	333	Our Price 20p	515	....	K3.0	4.0	0.8	39.1
290	178	Owen Owen	230	...	3.9	3.0	2.4	20.0
107	68	Pepe Group 10p	77	+1	u3.0	♦	5.7	♦
97	56	Peters Stores 10p	76	+2	‡d2.0	—	‡	—
118	100	Preedy (Alfred)	110	...	†3.5	2.1	4.5	(12.1)
25½	20	Ramar Texts. 5p	22½	..	1.5	2.2	9.5	(5.6)
80	46	Ratners 10p	77	–1	2.3	0.7	4.3	52.3
35	23	Raybeck 10p	29	...	0.25	♦	1.2	♦

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
8¼	6	Astra Ind'l. 5p	6	....	±0.13	—	‡	—
35	16	Aurora 10p	30½	+2½	—	—	—	8.7
35	17	Do. Pref Ord.	31	.. ...	9%	—	4.1	—
108	58½	BM Group 10p	107	.....	†1.1	2.4	1.7	33.4
170	136	Babcock Intl.	136	–5	8.0	1.9	8.4	(7.5)
26¼	15¼	Bailey (C. H.)	17	–½	—	—	—	—
*220	160	Baker Perkins 50p	175xd	...	♦6.75	♦	5.5	8.9
121	55	Bamro Inds. 20p	121	+2	H5.5	1.9	6.5	15.0
4½	1½	Barbican Hldgs 1p	1½	–½	8—	—	—	—
92	66	Beauford 10p	80	....	4.5	2.5	8.0	7.2
150	98	Belgrave Hldgs.	108	......	4.2	3.5	5.6	7.4
22	15	Bevan (D.F.) 5p	18	.....	d1.0	3.0	7.9	4.7
92½	80	Birmid Qualcast	85	+2	†3.25	1.9	5.5	6.8
245	203	Birmingham Mint	235	...	11.5	♦	7.2	♦
£24⅛	£14⅝	Black & Decker $0.50	£14⅞	+⅛	Q64c	—	3.4	—
37	22	Blackwood Hodge	33	+1	—	—	—	9.3
10½	5	Boulton Wm 10p	7¼	+¼	—	—	—	—
138	114	Braithwaite £1	136xd	–2	9.1	0.3	9.6	—
61	40	Brasway 10p	58	.....	†n1.33	2.8	3.3	14.2
5¾	3⅞	Bristol Ch.Ship 10p	3½	–⅛	—	—	—	7.6
142	110	Brit. Steam 20p	122xd	.....	6.25	2.3	7.3	8.6
35	24	Bromsgrove Inds 5p	30	...	h0.92	4.2	4.4	6.1
19	10½	Brown Eng. 10p	14	.....	0.5	—	5.1	—
30	23	Brooke Tool	25	....	1.0	3.8	5.7	5.5
144	121	Brown & Tawse	129xd	–1	6.5	♦	7.2	♦
37	26	Brown (John)	31	+1	8—	—	—	—
*297	135	Bullough 20p	225	.....	‡7.1	2.5	4.5	12.7
172	102	Burgess Products	150	.....	u2.0	9.6	1.9	26.6
46	26½	Camford Eng.	42½	–½	1.05	4.2	3.5	7.3
20	10	Carnseal Inc.	12	....	—	—	—	—
295	168	Carclo Eng.	283	–2	12.0	♦	6.2	♦
180	106	Cartwright R. 10p	163	–2	♦6.5	2.1	5.7	10.5
69	58	Castings 10p	62	.....	3.75	♦	8.6	♦

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
26½	19	Ryan Hotels 5p	21½	...	(Q2.57%)	2.7	3.6	12.7
420	350	Savoy "A" 10p	358	...	†12.0	3.6	0.8	25.9
69	53	Stakis 10p	59	–1	†h2.0	2.8	2.4	17.5
161	124	Trusthouse Forte	124	.....	†4.74	1.7	5.3	13.1

INDUSTRIALS (Miscel.)

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
154	119	AAH	132	–1	†6.18	2.5	6.7	9.2
£12⅛	975	AGA AB K25	975	...	hQ7.5	♦	—	♦
255	175	AGB Research 10p	190	–12	†4.0	1.4	4.5	(20.6)
124	97	AIM 10p	100	–2	45.7	1.2	8.2	(13.0)
130	95	Aaronson Group	95	.....	2.8	3.1	4.2	10.8
112	70	Aaronson Bros. 10p	98	+1	4.2	1.9	6.1	11.4
56	50	Abbey	56	....	—	—	—	5.9
56	31	Aberfoyle Hldgs. 8p	31	–1	—	—	—	—
166	125	Alexanders W'house 10p	150	.....	bg4.5	2.5	4.3	14.1
£20¼	£15½	Alfa-Laval AB'B'SK50	£15⅞	+½	Q18%	♦	5.9	♦
143	115	Amari	120	–1	2.7	8.3	3.2	8.1
140	85	Amber Ind. 10p	110	.....	6.0	2.3	7.8	7.9
£17½	£10¼	Amer Group FM20	£10¼	.....	Q15%	1.0	3.4	29.1
116	50	Ang. African Fin 7½p	50	–10	—	—	—	7.8
35	23	Anglo Nordic	33	.....	1.4	3.2	6.2	6.1
370	86	Appledore (A & P) 10p	285	.....	†g4.57	♦	2.3	♦
280	120	Applied Computer	125xd	....	1.5	♦	1.7	♦
33	24	Arenson 10p	30	....	8—	—	—	—
26½	17½	Armour Trust 10p	17½	....	0.18	6.0	1.5	11.9
27	14	Ashley Ind. Tst.	16	.....	—	—	—	10.7
14½	3	Assoc. Br. Eng. 12½p	4	....	±0.36	—	‡	—
180	140	Do. 8pcCumCvRdPf	145	....	Q8%	—	15.6	—
295	180	Assoc Brit Ports	295	+30	8.5	0.4	4.1	—
87	50	Assoc. Energy 5p	57	....	1.0	3.6	2.5	15.7
357	303	Assoc Heat Services	345	.....	11.0	♦	4.7	♦
180	165	Assoc Steel Dist £1	167	.....	s8.0	2.1	6.8	11.5

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
104	76	Marley	76	−1	3.75	2.2	7.0	9.2
107	52	Marling Ind. 10p	87		♦d3.0	5.6	2.1	10.2
74	36	Marshall L'sy. 'A'	61	.....	2.4	4.9	5.6	4.4
77	61	Marshall's Universal	63	.....	2.0	1.4	4.5	(20.0)
86	78	Do. 7½pcCnRedPf £1	81xd		7½%	—	13.2	—
22	22	Martin-Black	22ø		—	—	—	—
£97	£81	♥Mathesons 7¾%	£95	.....	Q7¾%	2.3	(8.5)	—
35	26	‡Maxiprint 2p	30	.....	—	—	—	—
477	375	Metal Box £1	448	+1	17.25	3.1	5.5	6.7
170	136	Metal Closures	138	.....	6.7	2.0	6.9	8.6
17	9	‡Metal Sciences 2½p	11	.....	—	—	—	—
104	73	‡Midland Marts	80xd	−3	4.0	♦	7.1	♦
*83½	67½	Mitchell Cotts	68	+½	t4.0	1.5	8.4	9.7
230	182	Morgan Crucible	205	−1	8.0	1.6	5.6	14.2
32½	22	‡Morris (W) F.A. 20p	30	.....	g0.5	♦	2.4	♦
110	91	Moss (Robt.) 10p	92	−1	3.0	2.5	4.7	10.2
81	68	Myson Grp 10p	71	.....	g2.5	3.4	5.0	13.5
328	214	‡NMW Computers	250	−5	s4.8	2.7	2.7	19.2
43	28	Nash Inds	30	+2	‡2.5	1.5	‡	6.9
48	20	Neill & Spencer 10p	22	.....	♦—	—	—	6.6
44	14½	Newman Inds 10p	34	.....	—	—	—	(16.1)
55	43	Nolton	50	.....	g1.1	4.5	3.1	8.4
183	146	Norcros	169	.....	8.6	2.2	7.5	8.1
67	50	Nu-Swift 5p	51	.....	3.0	1.6	8.4	9.8
111	68	Oakwood Grp	98	+2	td4.5	1.4	7.3	(12.9)
230	150	Office & Elect	218	.....	7.5	2.4	4.9	12.0
108	77	Oldacre 20p	80	.....	u4.0	2.6	7.1	7.1
58	37	‡Optometrics $0.01	46	+1	ud02c	—	3.4	48.9
495	312½	Oriflame £1	445	.....	23.4	1.8	5.3	10.5
18	15	Ovenstone 12½c	17	.....	g01.23c	1.9	7.5	7.0
£186	£158	Ozalid 9pc Cnv 87-92	£185	.....	Q9%	—	(4.9)	—
185	105	‡PCT Grp 10p	130xd	−10	g4.8	♦	5.1	♦
£14	£10⅞	PLM 'B' Sk25	£11¼	.....	Q21.6%	♦	4.7	♦
193	148	PSM Intl	152	.....	g5.25	2.5	4.9	10.4
65	50	‡Pacific Sales 10p	63	.....	b2.4	2.2	5.4	(9.5)
204	165	Parker Knoll 'A'	178	.....	9.0	2.8	7.6	6.7
92	45	‡Parkfield Group 5p	92	+7	m0.8	—	1.8	—
80	37	‡Pavion Intl	67	.....	—	—	—	—
£190	£101	Do 11pc CvLn '94-02	£165	−3	Q11%	—	(6.8)	—
378	287½	Pearson	343	+5	h8.5	3.1	3.5	11.9
29	18	Peak Holdings	19	.....	—	—	—	♦
94	74	Peerless	74	.....	6.3	1.4	12.2	7.5
£10⅞	395	Pentland 10p	755	−20	2.6	9.5	0.5	23.5
51	33	Pentos 10p	43	.....	0.35	7.7	1.2	11.6
54	44	Phillips Patents	52	+2	1.25	—	3.4	—
£12½	£10⅜	Photo-Me 50p	£12½	.....	9.45	6.6	1.1	—
323	262	Pilkington Br. £1	265xd	+3	12.5	2.5	6.7	6.6
£315	£225	Pitney-Bowes Cnv. Ln.	£289	.....	Q5¼%	—	2.0	—
68	48	Plastic Const. 10p	58	.....	d2.67	1.4	6.6	(13.4)
12	6½	Platignum 5p	8½	.....	8—	—	—	—
172	128	‡Plaxton Ind.	153	.....	2.8	♦	2.6	♦
288	206½	Polly Peck Intl 10p	225	.....	†5.5	10.0	2.2	4.7
£127	£102	Do. 9pc Cv Ln '05-08	£118	.....	Q9%	—	(8.4)	—
14	7½	Polymark 10p	11	+1	—	—	—	—
54	38	Do. CnvPfA £1	45	.....	10%	—	31.7	—
595	500	Portals	555	.....	18.5	2.6	4.8	11.4
293	246	Powell Duff. 50p	272	+2	14.0	1.3	7.6	13.9
156	80	Prestwich	127	.....	†1.05	7.8	1.2	16.8
99	79	Pritchard Svs.	79	−½	3.8	1.9	6.9	(9.0)
40	30	‡Prodmeter 5p	35	.....	t0.7	3.9	3.0	(11.9)
£10⅛	750	Quotron Systems $0.10	908	−12	—	—	—	—
103	80	RFD Group 10p	83xd	+1	3.72	2.2	6.6	10.0
98	70	Radiant Metal	97	.....	1.5	2.0	2.2	32.2
85	58	‡Ramco Oil 10p	63	.....	0.7	♦	1.6	♦
372	286	Rank Org.	340	+20	†12.0	1.4	5.1	(17.1)
245	220	Rauma-Repola Oy	230	.....	Q8%	5.8	4.3	4.0
565	500	Reckitt & Colman	513	+1	14.3	2.1	4.0	13.8
95	65	Redfearn Glass	88	+5	0.1	—	0.2	—
160	120	Reed Exec 10p	153	.....	g1.28	5.0	1.2	17.8
657	530	Reed Intl. £1	633	+1	18.5	2.6	4.2	11.3
128	84	Relyon	115	.....	4.45	2.5	5.6	8.8
235	195	Renown Inc Y50	209	+2	Q25%	♦	1.9	♦
218	130	Renwick Group	210	+2	—	—	—	♦
120	110	Restmor	114	.....	t3.75	2.6	4.7	11.4
398	290	Reuters 'B' 10p	296	+2	2.5	4.1	1.2	27.6
26½	20	Rexmore	20	.....	†1.46	2.3	10.4	(4.8)
111	88	Ricardo	100	.....	2.5	3.0	3.6	13.1
*86	70	‡Rivlin (ID&S) 5p	75	.....	g0.1	—	0.2	—
252	210	Robertson Rsch 10p	210	.....	dg3.0	3.1	2.8	20.6
15⅝	10	Rock 10p	11½	+½	—	—	—	26.0
55	34	Rockware	41	−1	—	—	—	(13.6)
155	94	‡Rolfe & Nolan 10p	94	−1	4.0	2.2	6.1	9.8
192	130	Ropner	143	.....	6.25	2.4	6.2	9.4
190	129	Do. 'A'	142	.....	6.25	2.4	6.3	9.4
8	4½	Rotaprint 5p	5	.....	—	—	—	13.1
150	90	Do. 11½pcCvPf£1	95	.....	8—	—	—	—
98	85	Russell (A.) 10p	91	.....	1.33	♦	2.1	♦
32	8	Ryan Int'l 5p	27	.....	a—	—	—	28.2
47	33½	SI Group 5p	33½	.....	1.6	2.7	6.8	7.7
245	132	Sale Tilney	208	.....	h4.67	2.8	3.2	13.2
90	63	Sandhurst Mkt. 10p	74	.....	1.2	♦	2.3	♦
		For Sangers see Pavion Intl						
*511½	390½	Scapa Group	398xd	.....	11.0	3.1	3.9	9.0
£39⅝	£27⅝	Schlumberger $0.01	£27⅞	+½	Q$1.20	—	3.4	—
114	91½	Scott Robertson	93	.....	2.5	3.3	3.8	11.2
114	99	Scott Greenham 10p	99	.....	g3.0	♦	4.3	♦
78	60	Scot. Heritable	69	.....	2.5	3.4	5.2	7.0
268	220	Securicor Group	220	.....	1.59	5.8	1.0	23.9
268	220	Do. 'A' N-V	220	.....	1.59	5.8	1.0	23.9
165	133	‡Securiguard Grp 5p	155	.....	2.35	3.4	2.2	19.6
270	220	Security Services	220	.....	2.98	3.3	1.9	22.3
68	51	Sharna Ware 20p	51	.....	2.45	0.9	6.9	(24.5)
82	58	‡Sheldon Jones	73	.....	4.35	1.5	8.5	11.0
80	35	Shiloh	67	.....	2.0	5.2	4.3	4.8
185	135	Sidlaw Group	195	−2	†t8.33	2.0	8.8	8.1
633	495	Siebe	565	.....	†11.8	♦	2.2	♦
44	29	Silentnight 10p	30	.....	2.75	1.3	13.1	(7.7)
130	85	‡Sinclair (Wm.)	115	+2	†4.5	1.9	5.6	13.8
386	320	Sketchley	334	−2	15.3	1.6	6.5	12.7
198	170	Smith&Neph.10p	178	.....	t3.79	2.1	3.2	17.4
216	167	Smiths Inds. 25p	172	.....	†t3.5	2.6	2.9	16.9
50	26	Solic. Law 20p	96	.....	♦—	—	—	78.3
45	31	Sonic	32	.....	‡1.5	♦	‡	♦
£18¾	£12½	Sonesson (M) AB Sek25	£12⅝	.....	gQ14%	♦	2.8	♦
106	78	‡Spafax Television	82	−2	b2.0	2.8	3.5	14.9
56	30	Sparrow (G. W.) 20p	45	.....	d0.75	1.5	2.4	38.7
135	103	Spear (J.W.)	103	−5	4.0	2.6	5.5	9.5
23	16½	Spong Hldgs 5p	16½	.....	0.1	11.0	0.9	13.1
215	150	Spring Ram 10p	203	+3	d1.65	6.1	1.2	14.9
101	59	Staffs. Potts.	60	.....	2.0	5.3	4.8	(4.2)
240	150	Do. 10pcCnvRdPf £1	150	.....	10%	6.7	9.5	—
77	48	Stag Furniture	61	+1	2.75	1.0	6.4	(35.1)
78	53	‡Stanelco Metalcraft	63xd	.....	4.2	♦	9.5	♦
176	152	Std. Fireworks	160	.....	5.75	♦	5.3	♦
40	24	‡Stanelco 10p	33	.....	♦—	—	—	♦
63	32	Star Comp. 10p	43	+1	t2.5	0.5	8.3	—
182	124	‡Stat-Plus 5p	160	−5	2.0	♦	1.8	♦
325	284	Steetley	310	.....	12.0	2.5	5.5	9.9
92	58	Sterling Inds. 2½p	63	+5	2.25	♦	5.1	♦
179	130	Stocklake	153	−2	12.0	2.4	11.2	4.2
115	87	Stonehill Hldgs.	102	.....	6.0	♦	8.7	♦
*237	180	Sunlight Serv. 10p	180	.....	†9.0	2.2	7.1	8.5
42	24	Sutcliffe Speak.	38	.....	—	—	—	—
*155½	111½	Suter 5p	116	+1	t4.2	3.2	5.2	8.3
£26½	£15⅝	Swedish Mach B Sk50	£16¼	+⅝	vQ19%	5.5	5.8	3.3
304	206	♥Swire Pac A 60c	229½	+3½	Q12bc	♦	5.7	♦
26	13	Sycamore Hldgs	13	.....	0.1	—	0.6	—
202	160	Syltone	194	.....	9.0	2.0	6.6	9.0
9	6	Talbex 5p	7¼	.....	—	—	—	—
116	80	‡Technology for Bus.	80	−4	d4.62	1.4	7.5	(12.4)
316	86	TSL Th'mal Synd	265	.....	1.0	9.5	0.5	20.8
40½	8	Th. Times Vn. 5p	33	.....	♦0.5	♦	2.2	♦
85	66	Third Mile Inv.	85	.....	1.9	♦	3.2	♦
147	90	TNT A$0.50	106	.....	Q12c	1.4	6.0	11.8
65	48	‡Tinsley (Eliza) 5p	48	.....	u2.89	2.4	8.6	5.5
160	117	‡Tod (W. & J.) 5p	117	.....	sq2.5	3.2	3.1	14.7
213	130½	Tomkins F.H. 5p	184	+9	t2.25	3.9	1.7	31.3
160	130	Tootal R.W.	158	.....	7.5	♦	6.8	♦
127	105	Toye	115	.....	3.0	2.9	3.8	11.4
382	325	Trafalgar H. 20p	343	+5	†t11.5	2.4	4.8	12.2
130	105	Transport Dev.	118½	.....	5.6	1.8	6.8	10.7
16	8	Transwood 5p	10½	+½	—	—	—	—
77	60	‡Trident Comp 10p	75	.....	♦d1.6	2.4	3.0	17.6
42	38	Triefus	38	.....	0.05	—	0.2	—
118	86	Turner & New. £1	87	.....	2.5	3.7	4.1	7.4
227	124	‡UDO Hldgs 10p	190	.....	t3.75	2.0	2.8	25.6
143	96	UKO Intl.	129	.....	5.0	3.3	5.5	6.0
46	20½	Unigroup 15p	35	−1	0.2	♦	0.8	♦
£12½	£10⅝	Unilever	£11	.....	35.52	3.2	4.6	8.1
£51¾	£44	Uni'v N.V.Fl.12	£48	.....	Q70.55%	5.5	4.2	8.6
33	17	U. Guarantee 5p	22	.....	0.5	♦	3.2	♦
95	75	‡United Packaging 10p	90	.....	†3.15	4.9	5.0	4.8
98	66	United Parcels 10p	75	−5	3.0	2.1	5.7	11.8
125	53	‡V.W. Thermax	58	−2	5.25	2.2	12.9	4.3
212	162	Valor	181	−1	4.6	3.6	3.7	8.9
206	105	Vinten Grp. 20p	120	+2	3.15	♦	3.8	♦
173	110	Wade Potts. 10p	145	.....	†2.5	2.5	2.5	20.3
13½	10	Walker Hmr. 5p	10½	.....	†d0.5	4.2	6.8	4.4
£32	£21	Oy Wartsila AB FM60	£21¼	.....	sQ8.3%	14.6	2.9	2.4
51½	34	Waterford 5p	45½	−1	Q46%	2.8	4.2	9.9
172	153	Watshams 5p	153	.....	†2.75	2.4	2.6	23.2
105	81	Watson R. K. 10p	88	.....	d4.25	♦	6.9	♦
234	190	Wedgwood	212	−1	7.25	♦	5.0	♦
23½	12½	‡Welpac 10p	19½	.....	0.3	♦	2.2	♦
81	68	West's Group Int.	68xd	.....	5.5	1.1	11.6	(11.5)
37	20	Westwood Dawes 'A'	33	.....	—	—	—	—
280	185½	Whatman R. Angel 5p	230	−15	2.0	5.5	1.2	20.8
160	134	Whitecroft	151xd	.....	7.7	2.4	7.3	8.1
43	17½	Widney 4p	40	.....	†0.38	11.7	0.6	14.1
222½	124	Wilkes (J.)	183	.....	b4.8	2.1	3.7	18.0
*4	2	Williams Systems 2p	3	.....	—	—	—	—
298	167	Williams Hldgs.	288	.....	u2.0	6.9	1.1	13.4
138	122	Do. 5pc Cum CvPf £1	125	.....	5.0%	—	5.7	—
26½	19	Williams (J.)	23½	+½	—	—	—	—
186	127	Wills Group	173	.....	8.0	—	6.6	—
373	295	Wolseley-Hughes	350	−5	†t8.75	4.0	3.6	8.5
57	30	W'hampton Stn Ltry5p	45	.....	—	—	—	—
90	69	Wood (Arthur) 5p	72	.....	3.5	3.7	6.9	5.5
24	16	Worthington (A.J.) 10p	21	.....	—	—	—	—
117	87	Young (H.J.)	98	.....	21.05	—	1.5	—

INSURANCES

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£28⅞	£19⅝	Alexander & Alexander	£20⅝	−⅛	♦0$1.00	—	3.8	—
£92	£69	Do. 11pc Cnv. $100	£73		Q11%	—	(10.7)	—
£400	£265½	Allianz Vers. DM50	£358xd	+5	Q22%	—	0.7	—
£28⅝	£21⅞	American Gen Corp	£25⅝	+½	Q90c	—	2.8	—
793	593	Britannic 5p	733	.....	25.5	—	5.0	—
495	315	‡Bryant (Derek) 10p	315	.....	7.35	3.8	3.3	11.4
£37	£31⅛	Combined Int. $1	£36½	.....	Q$2.00	—	4.3	—
236	176	Comm. Union	212	.....	11.8	—	8.0	—
285	208	‡Dewey Warren 10p	230	.....	7.0	2.0	4.3	16.0
£390	£302	Ennia UK 9pcCnv.	£368	.....	Q9%	—	(2.5)	—
282	214	Equity & Law 1p	240	+2	5.6	—	3.3	—
885	625	FAI Insurances $A0.50	885	+5	†rQ38%	4.7	1.1	18.6
635	508	Gen. Accident	625	+3	30.0	—	4.6	—
735	622	GRE	715	+2	36.0	—	5.2	—
665	550	Heath (C.E.) 20p	610	−3	21.0	2.9	4.9	9.1
306	224	Hogg Robinson	248	+2	8.0	♦	4.7	♦
200	170	‡Howard Group 5p	175	−3	bq4.2	3.2	3.4	12.9
757	548	Legal & General	683	+6	21.5	—	4.5	—
£29	£22	Liberty Life SA R1	£27	.....	Q250c	—	3.7	—
£41¼	£29⅜	Lincoln Nat Cpn $1	£32	+1¼	Q$1.84	—	4.5	—
807	653	London & Man.	773	+6	19.81	—	3.7	—
*313	235	London United 20p	270	.....	13.0	♦	6.9	♦
£64¼	£48½	Marsh McLen'n $1	£52⅞xd	+1¼	Q$2.40	1.6	3.6	17.6
307	262	Minet Hldgs. 20p	275	+1	6.25	2.6	5.1	10.4
75	55	NZI Cpn $NZ0.50	70	.....	Q17%	♦	4.4	♦
560	280	PWS International 10p	280	.....	9.0	♦	4.6	♦
£12½	980	Pearl 5p	£11½	.....	38.0	—	4.7	—
725	496	Prudential	653	+3	22.5	—	4.9	—
£16½	£10¼	Rand S'hse Class C	£10¼	−¼	♦C60c	—	3.2	—
400	290	Refuge 5p	338	.....	11.75	—	5.0	—
695	516	Royal	685	+5	23.75	—	5.0	—
410	335	Sedgwick Group 10p	347	+2	10.0	2.2	4.1	14.5
410	288	‡Steel Burrill J.10p	345	.....	7.5	2.5	3.1	18.2
650	513	Stewart Wr. 20p	572	.....	18.0	1.9	4.5	15.4
485	400	Sun Alliance	463	+3	15.5	—	4.8	—
887	710	Sun Life 5p	808	+1	19.78	—	3.5	—
£20¼	£12⅞	♥Taisho M EDR	£20½	−¼	gQ10%	—	0.2	—
£41⅛	£26⅛	Torchmark $1.00	£35⅝	+⅝	Q$1.0	—	2.2	—
330	230	Trade Indemnity	315	.....	8.43	—	3.8	—
£42¼	£31⅝	Travelers $2.50	£34	+½	Q$2.04	—	4.7	—
708	578	Willis Faber	620	+8	13.0	2.2	3.0	21.2
63	42	Windsor Secs. 10p	46	.....	†1.25	1.7	3.9	22.0

LEISURE

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
19	14½	‡A & M Hire 10p	15½	+½	0.1	9.7	0.9	11.6
69	67	A-R TV Pref. £1	69xd	.....	5.95	17.8	12.3	—
19	9	‡Adam Leisure 10p	10	+1	d1.0	—	14.3	—
164	120	Anglia TV 'A'	142xd	+2	8.0	1.3	8.0	13.4
176	102	‡Aspinall Hldgs. 10p	125	.....	3.0	3.6	3.4	11.6
120	85	Barr & W.A.T. 'A'	120	+6	7.0	2.2	8.3	(6.4)
152	132	Boosey & Hawkes	150	.....	—	—	—	—
32	25	Campari Int. 20p	25	.....	1.0	—	5.7	—
67	50	‡CapTV Facilities 10p	50	.....	F2.45	1.2	7.0	21.2
210	177	‡Central T.V. N.V 50p	185	.....	10.5	2.3	8.1	7.7
52	18	‡Entertain Prod 5p	18	.....	b2.25	2.1	17.9	(3.2)
78	50	‡Fairline Boats 10p	64	.....	†2.63	3.6	5.9	9.1

MINES—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
350	130	♥Cemennial Min'ls	140	.....	—	—	—
120	70	♥Colby Res Corp	70	.....	—	—	—
550	450	Cons. Murch. 10c	475	.....	♦Q100c	1.4	8.3
40	27	‡Ennex Int. Ir10p	27	.....	—	—	—
215	125	Hampton Areas 10p	130	.....	3.75	♦	3.9
260	140	♥Highwood Res.	140	.....	—	—	—
£22½	£17⅝	Homestake Mining $1	£18	+⅛	Q20c	—	1.0
310	190	♥McFinley Red Lake	220	.....	—	—	—
300	195	♥Musto Explorations	230	−5	—	—	—
55	23	♥New Sabina Res C$1	45	.....	—	—	—
375	245	Northgate C$1	250	+5	—	—	—
685	550	RTZ	555	.....	20.0	2.7	5.1
£145½	£121½	Do. 9⅜pcLn '95-2000	£121½	−½	Q9⅜%	14.0	0.1
£14¼	£10	♥Tara Exptn $1	£10⅝	+¼	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ■ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	96	−4	Arnott	270	.....
Craig & Rose £1	700xd		CPI Hldgs	56	.....
Finlay Pkg. 5p	61	.....	Carroll Inds.	130xd	.....
Higsons Brew	225	.....	Dublin Gas	58	.....
Holt (Jos) 25p	725	.....	Hall (R. & H.)	55	.....
IoM Stm £1	80	.....	Heiton Hldgs.	17	.....
IRISH			Irish Ropes	47	.....
Fund 11¼% 1988	£99¼	.....	Jacob (W & R)	80	.....
Nat. 9¾% 84/89	£94⅝xd	+⅛	Unidare	88	.....
Fin 13% 97/02	£105½	+¼			

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LONDON STOCK EXCHANGE

MARKET REPORT

Interest rate developments restore much-needed confidence to equity market

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 1	July 11	July 12	July 22
July 15	July 25	July 26	Aug 5
July 29	Aug 8	Aug 9	Aug 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

The authorities' approval of lower interest rates gave London equity market confidence a much-needed boost yesterday. Rates for short-term bills in money markets were reduced in the morning by ¼ percentage point and shortly afterwards Citibank, the only foreign bank to be granted UK clearing status, cut its UK base lending rate from 12½ to 12 per cent.

During the afternoon, the Bank of England again lowered its dealing rate on band one bills by another ¼ percentage point but the move brought no reaction from other clearers. The revival of the trend towards cheaper money naturally checked sterling's recent upsurge and this was welcomed by equity traders.

Investors earlier had shown little enthusiasm over widespread publicity given to the market's near-100 point setback since early-June, although the majority of City analysts concluded that it had been overdone. Similarly, a report that the Chancellor would soon deliver a buoyant assessment of economic prospects and re-emphasise the scope for personal taxation cuts brought only a limited response.

Leading industrials began the session firmly, helped by Wall Street's rise overnight to within a few points of the all-time high, but soon drifted back. Business increased after the interest rate developments only to fade again late as the pound rallied strongly from the day's lowest rate against the dollar. Nonetheless, all market-related indices recorded good recoveries with the FT Ordinary share index closing 11.3 up at 934.4.

Interest rate optimism countered the effects of currency movements in the Gilt-edged market, which made further progress. A good two-way trade developed with fresh demand outweighing profit-taking and longer-dated Gilts gained ¾ more in places. The tap, Treasury 10 per cent 2004, was the one exception. Ahead of being quoted fully-paid today (the call is due on Monday) the stock was generally ignored by buyers who assumed the authorities would be a seller if bid 30¾.

Midland rise

Midland were the pick of the clearers, rising 10 to 395p on confirmation of its re-acquisition of 40 per cent of Samuel Montagu from Aetna Life and Casualty, the U.S. insurance group, for £97.8m; in exchange, Midland is transferring full ownership of Montagu Investment Management to Aetna. The remaining clearers traded quietly with Barclays, at 408p, and Lloyds, at 418p, improving 3 apiece.

Newcomer Isotron quietly impressed, opening at 128p and rising steadily to close at 135p; the stock was issued by tender at a striking price of 123p.

Allied-Lyons, one of the markets' top-performing blue chips over recent weeks, advanced 8 more to 220p following the annual meeting at which the chairman disclosed the existence of new nominee holdings on the share register. Other leading Breweries were content to mark time in subdued trading but, in regionals, new-time support and "call" option business lifted Buckleys 4 to 69p; it was announced on Wednesday that Mr Nazmu Virani's Belhaven controls around 6.2 per cent of Buckleys. H. P. Bulmer rallied 5 to 135p as investors overcame disappointment with the annual results and concentrated on the group's recovery potential. Fellow cider concern Merrydown hardened 10 to 320p in sympathy.

Lower interest rates and a feeling that the Government may look more favourably towards a plan for increased public spending on major infrastructure programmes prompted renewed strength in Buildings. Tarmac were wanted and moved up 10 to 320p, after a year's high of 322p, while gains in the region of 5 to 7 were common to Taylor Woodrow, 433p, Blue Circle, 520p, Marshalls (Halifax), 245p, and RMC, 366p. Magnet & Southerns edged up 4 to 128p reflecting comment on the preliminary results. The almost halved full-year profits unsettled A. Monk, which dipped to 104p before closing a couple of pence lower on balance at 106p.

ICI rallied well to end the day 7 better at 712p, while Laporte put on a similar amount at 303p.

The more encouraging outlook on interest rates caused leading Stores to extend Wednesday afternoon's rally. Gussies A advanced 10 to 770p, and Woolworth 7 to 382p. Hopes of an increased offer from Burton—the bid has been extended until July 24 — lifted Debenhams a few pence to 385p, after 388p; Burton, whose original terms value Debenhams at around 331p per share, closed 8 dearer at 469p. Habitat Mothercare finished 6 higher at 392p. Harris Queensway were relatively lively and touched 238p before settling 6 up on balance at 234p. Ward White improved 4 to 294p on the confident tenor of the chairman's statement at the annual meeting.

Plessey advance

The Plessey chairman's address at the annual meeting and estimate that first-quarter profits would be down from £42m to around £39m was viewed favourably by market analysts who had revised their forecasts much lower in the wake of recent adverse events in the sector. Plessey jumped 14 to 132p, while other leaders recorded their best gains for quite some time. Thorn EMI finished 14 to the good at 321p, while BICC added 9 at 200p and Racal put on 6 to 136p. STC firmed 4 to 104p and Cable and Wireles appreciated 20 to 530p. GEC hardened a couple of pence more to 166p; for the second consecutive session, it was announced that stockbrokers Rowe and Pitman had acquired 1m shares at 162p on the company's behalf. Elsewhere, AB Electronics, rallied 15 to 235p on rumours of an Olivetti deal with the troubled Acorn Computer; Acorn is said to owe AB around £8m. CPU Computers gained 6 to 33p following news of the sale of Haradash to DDT for £2m. Logica firmed 13 to 136 on recovery hopes, while Sound Diffusion picked up 6 at 54p. Eurotherm moved up 10 more to 300p on further consideration of the impressive half-year figures, but Renishaw came on offer again at 250p, down 8.

Apart from Hawker, 4 easier at 387p, the Engineering leaders took a turn for the better. Vickers retrieved 8 at 273p and GKN put on 3 at 224p. Elsewhere, TI reflected revived speculative support at 246p, up 10, while Delta improved a few pence to 144p in belated response to an investment recommendation. Birmid Qualcast hardened a couple of pence to 85p, the encouraging tenor of the Board's statement counteracting news of reduced first-half profits. Habit Precision, with the help of call option activity, closed 4 better at 69p, while improvements of 2½ and 6 respectively were recorded in Aurora, 30½p, and Spear and Jackson, 138p.

Foods traded within a narrow range throughout the session, Argyll hardened 5 to 298p as cautious newsletter comment was shrugged aside.

Rank Org. pleases

Rank Organisation were outstanding among the firmer miscellaneous industrial leaders, rising 20 to 340p, after 343p, in response to better-than-expected interim profits; A. Kershaw, a subsidiary of Rank, leapt 60 to 360p, after 365p, on its half-yearly statement. BTR, recently affected by sterling's strength, rallied 10 to 336p, while Beecham hardened a few pence to 311p and Glaxo added ⅛ at £12¼. BOC put on 5 to 262p and Hanson Trust improved 4 to 186p; it was anounced yesterday that the Kuwait Investment Office now holds a near-8 per cent stake in Hanson. Secondary issues were featured by a rise of 30 to 295p in Associated British Ports following news of the joint property development venture with Rosehaugh, whereby a new jointly-owned company will develop 50 acres of Southampton Docks, including the Princess Alexandra Dock; Rosehough firmed ¼ at £10¼. Johnson Matthey hardened a few pence to 83p awaiting today's preliminary figures, while Parkfield gained 7 to 92p on revived specultive support. Christies International, at 230p, retrieved 12 of the previous day's fall of 35 which stemmed from reports that the company could face a U.S. inquiry over its painting sale operations. Granada, on the other hand, dropped 14 to 154p, after 152p, owing to acute disappointment with the first-half profits. Cookson remained friendless at 303p, down 17, while the erractic Pentland came back from an initial firm level of 785p to finish a net 20 easier at 755p.

Publishers took up a firmer stance. Associated Newspapers, dull since the interim figures were announced on Tuesday, rallied 15 to 880p, while fresh speculative support lifted Fleet 9 to 299p.

Further consideration of the interim statement lifted Vantona Viyella 6 to 354p; prospective merger partner, Nottingham Manufacturing, hardened a couple of pence to 258p. Elsewhere in Textiles, Hicking Pentedespite a sizeable full-year loss and proposed rights issue. "Call" option activity aided Atkins Bros, which rose 5 to 140p.

Tobaccos were one of the rare dull corners in the market. Imps set the tone, falling 9 to 170p after interim profits at the lower end of the predicted range. Rothmans International later revealed preliminary profits some £24m below general estimates and slumped 16 to 134p.

Stockjobbers Smith Brothers attracted revived speculative support and rose 5 to 138p.

Merger boosts Saxon

News that Mexico had reduced oil prices by up to $1.50 a barrel failed to disturb the oil market which provided a handful of major features. The agreed merger betwene Saxon Oil and Charterhouse Petroleum, via bids for both companies from a new company called Saxon Petroleum Corporation, produced a sharp rise in Saxon which advanced 45 to 350p but unsettled Charterhouse, down 4 at 81p. IC Gas were outstanding and raced up 15 to 320p, after 323p, following news that Siebe Gorman is to purchase the former's Compair subsidiary for £58m in cash plus £20m of indebtedness to be repayed by Compair to IC Gas on completion of the sale; Siebe Gorman, on the other hand, dropped to 555p, before settling a net 50 lower at 565p reflecting the £75m rights issue to fund the deal. The sale of the Standard Motorists Centres and the Silencer divisions of Quinton Hazell for around £15m lifted Burmah 4 to 258p, after 264p. Britoil added a similar amount at 215p in front of today's interim results and details of the Government's sale of its remaining 48.8 per cent stake in the company. In the secondary issues, Falcon Resources staged a strong recovery and closed 8 better at 68p, after 70p, while news of the U.S. oil and gas acquisition helped Osceola harden 2 to 32p.

Quiet Mines

Business in mining markets contracted to minimal levels. South African Golds edged higher at the outset but thereafter drifted easier on general lack of interest with dealers awaiting today's outcome of the strike ballot taken by black mine workers.

At the close of tradingt he majority of Golds were left with minor gains on balance and the Gold Mines index posted a 3.1 improvement at 401.4.

Vaal Reefs staged a useful rally in the leading group of Golds and managed a £1¼ improvement at £64½, while Randfontein rose ⅞ to £74⅞.

Elsewhere, Cornwall's tin producer Geevor fell further to close 7 down at 173p. Among Malaysian Tin Pengkalen dropped 50 to 200p.

Demand for Traded Options held up well with 3,733 calls and 5,250 puts done. A lively two-way trade developed in Imperial Group which attracted 582 calls and 735 puts following the interim statement. British Telecom puts were wanted with 589 trades struck, 215 in the August 179s and 282 in the August 200s. Trusthouse Forte puts also attracted a fair measure of interest with 518 trades done, all in the October series.

FINANCIAL TIMES STOCK INDICES

	July 11	July 10	July 9	July 8	July 5	July 4	year ago
Government Secs.	82.75	82.68	82.53	82.49	82.28	82.07	76.44
Fixed Interest	87.49	87.48	87.33	87.17	86.95	86.85	80.97
Ordinary ♥	934.4	923.1	932.0	961.2	955.7	951.9	771.1
Gold Mines	401.4	398.3	405.8	416.5	410.8	405.7	539.6
Ord. Div. Yield	4.96	5.01	4.95	4.87	4.84	4.86	5.11
Earnings, Yld.% (full)	12.36	12.49	12.35	12.13	12.14	12.18	11.66
P/E Ratio (net) (*)	9.88	9.78	9.89	10.07	10.06	10.03	10.12
Total bargains (Est.)	20,638	19,170	20,452	20,870	18,014	19,469	16,835
Equity turnover £m.	—	298.2	344.29	267.15	371.00	322.62	323.44
Equity bargains	—	16,359	18,208	17,781	16,378	14,912	16,800
Shares traded (mil.)	—	143.3	178.2	134.8	183.7	159.6	171.9

♥ 10 am 931.8. 11 am 928.4. Noon 930.2. 1 pm 933.8. 2 pm 933.7. 3 pm 933.7. 4 pm 933.8.

Day's High 935.4. Day's Low 929.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 9.55.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.75 (11/7)	78.03 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.49 (11/7)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	923.1 (10/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	398.3 (10/7)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	July 10	July 9
Daily		
Gilt Edged Bargains	142.5	155.4
Equities Bargains	99.5	118.0
Value	602.7	695.9
5 day Average		
Gilt Edged Bargains	137.6	131.6
Equities Bargains	107.1	107.7
Value	648.1	643.5

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (45)

BRITISH FUNDS (25)

INTL. BANK & O'SEAS GOVT. STLG. ISSUES (1)
N. Zealand 11½pc 2014

CORPORATION LOANS (2)
Herts. 6¼pc '85-87; LCC 5½pc '85-87

AMERICANS (1)
CityFed Fin.

BANKS (2)
Bank of Ireland; Schroders

BREWERS (1)
Buckley's Brewery

BUILDINGS (2)
French Kier; Tarmac

CHEMICALS (1)
Morceau

STORES (1)
Liberty N/V

ELECTRICALS (1)
Jones, Stroud

INDUSTRIALS (4)
Assoc. British Ports; Parkfield; Kershaw (A.); Renwick

INSURANCE (1)
FAI Insurances

LEISURE (1)
Barr & W.A.T. A

SOUTH AFRICANS (1)
SA Breweries

OILS (1)
Meridian Oil N/V

NEW LOWS (86)

AMERICANS (2)
Cullinet Software; IU Intl.

BANKS (1)
First Pacific Hldgs.

BUILDINGS (4)
Monk (A.); Roberts Adlard; Phoenix Timber; Turriff

CHEMICALS (2)
Hickson Intl.; Wardle Storeys

STORES (3)
Bedford (Wm.); Kent (John); Henriques (A.)

ELECTRICALS (20)

ENGINEERING (3)
Astra Ind'l.; RHP; Babcock Intl.

HOTELS (1)
Norscot Hotels

INDUSTRIALS (11)
Abertoyle; Marley; Anglo-African Fin.; Pritchard Services; British Vita; Rolfe & Nolan; CVD Inc.; Sidlaw; Granada; Spear (J. W.); Intereurope Tech.

INSURANCE (1)
Reed Stenhse. Class C

LEISURE (1)
Viewplan

MOTORS (3)
General Motors; Flight Refuelling; Dowty

PAPER (2)
KLP; Lowe Howard-Spink

PROPERTY (3)
Abaco Invs.; Scottish Metropolitan; Greycoat City Offices

TOBACCOS (2)
Imperial; Rothmans

TRUSTS (9)
New Darien Oil Tst.; Biotechnology Invs.; Raeburn; Cambium Venture; Scottish Mtg. & Tst.; Hambro Trust; Shires Inv.; Utd. Comp. & Tech.; Stockhldrs. Far East

OILS (4)
Berkeley Expln.; Claremont Pet.; Charterhouse Pet.; Petrofina

OVERSEAS TRADERS (1)
Inchcape

PLANTATIONS (5)
Anglo-Indonesian; Highlands; Cons. Plants.; Malay. Plants.; Harrisons Malay. Plants.

MINES (8)
East Rand Prop.; Gopeng Berhad; Rustenburg Plat.; Pengkalen; Allstate Expln.; RTZ 9½pcLn. 1995-2000; Thames Mining; Geevor

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Assoc Brit Ports	295	+30
BAT Inds	303	−2
Burmah Oil	258	+4
Enterprise Oil	159	−1
Granada	154	−14
Imperial Group	170	−9
Pentland Inds	755	−20
Plessey	132	+14
Racal Elects	136	+6
Rank Org	340	+20
Rothmans Intl	134	−16
Saxon Oil	350	+45

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
ICI	17	705	−5
Pentland Inds	15	775	+5
Bowater Inds	14	257	+2
Brit Aerospace†	14	162	−8
Utd Scientific	14	185	+10
BAT Inds	13	305	−10
BTR	13	326	+1
BP	12	526	+3
Christies Intl	12	218	−35
Hanson Tst†	12	99	−4
Shell Trans	12	678	−5
Glaxo	11	£12	−¼
Reed Intl	11	632	+7
Saatchi	11	640	+5

† Partly-paid

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Thurs July 11 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Wed July 10 Index No.	Tues July 9 Index No.	Mon July 8 Index No.	Year ago (approx.) Index No.
1–67	[illegible]										
68	Merchant Banks (11)	224.53	−0.3	—	4.91	—	4.92	225.24	226.93	226.52	187.14
69	Property (50)	586.63	+0.1	6.39	4.02	21.02	8.46	585.78	589.14	599.12	546.51
70	Other Financial (25)	266.89	−0.1	9.21	6.08	13.26	6.88	267.27	268.26	269.43	227.01
71	Investment Trusts (107)	564.22	—	—	3.87	—	8.89	563.89	569.73	572.56	461.64
81	Mining Finance (3)	265.32	—	12.24	5.77	9.48	5.29	265.32	265.32	268.92	254.10
91	Overseas Traders (14)	621.30	+0.3	12.18	6.27	9.87	20.51	619.41	625.72	630.20	485.16
99	ALL-SHARE INDEX (739)	597.79	+0.6	—	4.75	—	11.52	594.05	599.35	605.77	464.90

	Index No.	Day's Change	Day's High	Day's Low	July 10	July 9	July 8	July 5	July 4	Year ago
FT-SE 100 SHARE INDEX	1238.4	+8.0	1240.7	1234.8	1230.4	1239.6	1258.2	1260.0	1249.1	991.4

FIXED INTEREST

	PRICE INDICES	Thurs July 11	Day's change %	Wed July 10	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.21	+0.03	118.17	—	6.08
2	5-15 years	131.46	+0.17	131.23	—	7.34
3	Over 15 years	137.28	+0.24	136.96	—	6.87
4	Irredeemables	148.48	+0.26	148.10	—	7.27
5	All stocks	129.41	+0.14	129.24	—	6.91
6	Debentures & Loans	110.49	+0.02	110.47	—	6.08
7	Preference	80.28	+0.29	80.04	—	3.44
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.33	−0.02	110.36	—	1.37

	AVERAGE GROSS REDEMPTION YIELDS		Thurs July 11	Wed July 10	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.21	10.20	11.63
2		15 years	10.26	10.28	11.48
3		25 years	10.26	10.28	10.88
4	Medium Coupons	5 years	11.15	11.16	12.78
5		15 years	10.66	10.68	12.02
6		25 years	10.23	10.25	11.36
7	High Coupons	5 years	11.21	11.22	12.77
8		15 years	10.82	10.85	12.14
9		25 years	10.40	10.44	11.33
10	Irredeemables†		9.91	9.93	10.75
11	Debs & Loans	5 years	11.74	11.73	12.83
12		15 years	11.57	11.57	13.04
13		25 years	11.40	11.41	13.10
14	Preference†		12.29	12.33	13.33
15	Inflation rate	5%	3.67	3.67	3.97
16		10%	3.49	3.48	3.78

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$320	33	6	17	[illegible]	[illegible]	[illegible]	[illegible]
GOLD C	$340	—	—	—	[illegible]	[illegible]	[illegible]	
GOLD P	$300	—	—	43	[illegible]	[illegible]	[illegible]	
GOLD P	$320	50	9	—	[illegible]	[illegible]	[illegible]	
[illegible]								

TOTAL VOLUME IN CONTRACTS: 33,104

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross yield	Price/Earnings Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
[illegible]							
90.705	£30	6/9	31⅛	29⅛	Malaysia 10¾% Ln. 2009	31⅛	......
99.99	F.P.	26/7	101¼	100	Mansfield Brewery 11¼% Deb. 2010	101¼	......
—	F.P.	—	100⅛	100	Nationwide Bldg. Soc. 12⅛% 30/6/86	100⅛	......
100	F.P.	—	109⅛	108⅛	Oldham Met. Borough 12.4% Rd. 2022	109⅛	+¼
**	F.P.	26/7	125p	121p	Port. & Sund. 10½% 2nd. Cum. Prf.	125p	......
‖	F.P.	19/7	105p	99p	Russell (A.) 5.75% Cum. Cnv. Rd. Prf.	100p	......
94.895	F.P.	18/7	106⅛	100	Spain (Kingdom of) 11¾% Ln 2010	101⅝	......
§100	F.P.	—	10⅛	10⅜	Sund. & S.Sh'lds. Wtr. 11.8% Rd. Db. '95/97	10⅛	−⅛
§100	F.P.	—	10½	10⅜	West Hampshire Wtr. 11.8% Rd. Db. '95/97	10⅜	−⅛
‖	F.P.	26/7	105	100	Woolworth 8½% Cnv. Uns. Ln. 2000	102	+1
§100	F.P.	—	10½	10⅜	York Wtr. 11.8% Red. Deb. 1995/97	10⅛	−⅛

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
60	F.P.	16/8	63	60	Ansbacher (H.)	61	......
Ir.0.40	F.P.	—	36½	26	‡‡Aran Energy 20p	26	......
165	Nil	13/9	15pm	13pm	Baker Perkins 50p	11pm	......
33	Nil	16/8	4½pm	1pm	✻Bio-Isolates	1½pm	......
146	Nil	2/8	30pm	15pm	✻Blue Arrow	15pm	......
100	Nil	—	2pm	2pm	Cobra Emerald Mines	2pm	......
10	F.P.	29/7	14	11	✻Ecobric A £1	15	......
190	F.P.	9/8	245	235	Emess Lighting	235	......
290	F.P.	26/7	239	219	English China Clays	225	+5
210	F.P.	23/8	242	209	Evered	212	......
185	100	28/10	123	99	Hanson Trust	103	+4
250	F.P.	6/8	295	270	London United 20p	270	......
265	Nil	9/8	22½pm	12½pm	Mills & Allen	17pm	......
77	Nil	—	¾pm	¾pm	New Cavendish 5p	¾pm	......
180	F.P.	—	197½	183	Sunlight Service 10p	180	......
370	F.P.	26/7	437	382	Taylor Woodrow	437	+7
600	F.P.	20/8	690	643	Union Discount £1	675	+5

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ‖‖ Introduction. ✻ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 8	July 19	Oct 10	Oct 21
July 22	Aug 2	Oct 24	Nov 4
Aug 5	Aug 16	Nov 7	Nov 18

For rate indications see end of Share Information Service

Call options were struck in STC, Racal, Atkins Brothers (Hosiery), Sovereign Oil and Gas, Westland, Bryson, Energy Capital, Habit Precision Engineering, Bristol Oil and Minerals, Hawley, Norton Opax, Buckleys Brewery, Charterhall, Atlantic Resources, Thorn EMI, C. H. Bailey, Mercantile House, Ultramar, Allied-Lyons and Telephone Rentals.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	57	10	41
Corpns. Dom. and Foreign Bonds	10	1	67
Industrials	368	236	863
Fin. and Props.	117	75	362
Oils	31	25	71
Plantations	1	6	11
Mines	49	32	97
Others	133	20	91
Totals	766	405	1,603

LONDON TRADED OPTIONS

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*170)	140	33	—	—	1½	—	—
	160	14	20	25	3	5½	8
	180	2½	8	13	14	16	18
P. & O. (*353)	300	57	—	—	2	—	—
	330	28	43	50	4	10	16
[illegible]							

July 11 Total contracts 8,983. Calls 3,733. Puts 5,250

*Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

July 11	Price Sch%	+ or −
Creditanstalt	353	+1
Goesser	510	......
Interunfall	1,670	−80
Laenderbank	340	+2
Perlmooser	576	......
Steyr-Daimler	170	−3
Veitscher Mag	559	−9

BELGIUM/LUXEMBOURG

July 11	Price Frs.	+ or −
B.B.L.	2,005	−5
Banq. Gen Lux	6,300	......
Banq. Int. A. Lux	6,020	......
Bekaert B	5,510	−270
Ciment CBR	2,465	−25
Cockerill	216	+3
Delhaize	8,700	+100
EBES	2,975	+20
Electrobel	8,690	+90
Fabrique Nat	2,000	−20
GB Inno BM	3,695	......
GBL (Brux)	1,915	−15
Gevaert	3,925	+35
Hoboken	6,610	......
Intercom	2,250	+35
Kredietbank	9,000	......
Pan Hldgs	10,500	......
Petrofina	5,680	+60
Royale Belge	12,050	......
[illegible]	[illegible]	[illegible]

GERMANY

July 11	Price Dm.	+ or −
AEG-Telef	132.4	+2.9
Allianz Vers	1,405	......
BASF	238	+3
Bayer	231	+3
Bayer-Hypo	362	+10
Bayer-Verein	429	+14
BHF-Bank	340	......
BMW	444	+15
Brown Boveri	230	+5
Commerzbank	214	+4.8
Cont'l. Gummi	149.2	+5.7
Daimler-Benz	872xd	+40
Degussa	370	−9
D'sche Babcock	160	+3.8
Deutsche Bank	578.5	+12.5
Dresdner Bank	262.5	+6
GHH	167	−3
Hochtief	559	−10
Hoechst	233.5	+2
Hoesch Werke	112	+1.5
Holzmann (P)	420	+10
Horten	185	+5.5
Hussel	308	+3
Karstadt	245	+6
Kaufhof	267	+9.5
KHD	283	+2.5
Kloeckner	66.7	+1.2
Linde	520.5	+7.7
Lufthansa	211	−7.5
MAN	168	−4
Mannesmann	198	+6
Mercedes Hld	775	+46
[illegible]	[illegible]	[illegible]

NORWAY, SPAIN, SWEDEN, ITALY, SWITZERLAND, NETHERLANDS, AUSTRALIA, DENMARK, FRANCE, AUSTRALIA (continued), HONG KONG, JAPAN, JAPAN (continued), SINGAPORE, SOUTH AFRICA: [illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO
Prices at 2.30pm July 11

[illegible]

Sales	Stock	High	Low	Close	Chng
2900	Celanese	$8½	8⅛	8⅛	−⅜
16100	Centrl Tr	$14¾	14½	14¾	+¼
15150	Cineplex	$9⅜	9⅜	9⅜	−⅛
107750	C Distb A	$6¾	6⅝	6¾	
100800	CDistb B f	$6⅝	6¼	6¼	−⅛
1000	CTL Bank	$11¼	11	11⅛	
300	Conventrs	$6⅝	6⅝	6⅝	
14	Conwest A	$9	9	9	+⅜
1000	Coseka R	295	295	295	−5
11061	Intpr Pipe	$42¼	41⅞	42¼	+¼
920	Ipsco	$14⅝	14⅝	14⅝	−¼
100	Ivaco B	$20	20	20	
11225	Jannock	$16⅜	16¼	16¼	−¼
200	Kelsey H	$42¾	42¾	42¾	
1000	Kerr Add	$16½	16½	16½	−⅛
4850	Labatt	$26⅞	26⅝	26⅝	+⅛
28248	Lac Mnrls	$28⅜	28⅛	28¼	
900	LOnt Cem	$13⅛	12¾	12¾	−¼
3000	Sydney o	28	28	28	
500	Talcorp	96	96	96	−1
2900	Tara	$20½	20	20	−½
100	Teck Cor	$12⅜	12⅜	12⅜	+⅛
8400	Teck B f	$12⅞	12¼	12½	−¼
5200	Tex Can	$32½	32⅜	32½	−⅛
11748	Thom N A	$21⅞	21¾	21¾	−⅛
200876	Tor Dm B	$22⅞	22⅝	22⅞	+¼

Total sales 10,476,858 shares

MONTREAL
Closing prices July 10

Sales	Stock	High	Low	Close	Chng
27746	NatBk Cda	$21¾	21½	21¾	+⅛
374503	Power Corp	$18⅞	18⅝	18⅞	+⅛
150	RollandA	$21½	21½	21½	+⅛
27786	Royal Bank	$31⅜	31	31⅜	+¼
1475	RoyTrsco	$21	20¾	20¾	−¼
8151	SteinbrgA	$22⅞	22⅝	22⅞	+⅜

Total Sales 2,669,473 shares

Indices

NEW YORK-DOW JONES

	July 11	July 10	July 9	July 8	July 5	July 3	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,332.55*	1,332.89	1,321.91	1,328.41	1,334.45	1,328.39	1337.14 (1/7)	1184.96 (4/1)	1337.14 (1/7/85)	41.22 (2/7/32)
Transport	674.94*	669.12	668.54	677.28	678.96	675.08	678.96 (5/7)	553.03 (4/1)	678.96 (5/7/85)	12.32 (8/7/32)
Utilities	167.73*	167.42	166.70	166.65	166.29	165.26	167.42 (10/7)	146.54 (4/1)	166.85 (21/8/85)	10.5 (28/4/42)
Trading vol		108.1m	99.0m	83.6m	82.4m	93.4m	—	—	—	—

	July 5	June 28	June 21	Year Ago (Approx)
Ind Div Yield %	4.58	4.59	4.63	5.84

STANDARD AND POORS

	July 11	July 10	July 9	July 8	July 5	July 3	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	211.82*	211.78	210.29	211.38	212.27	211.12	212.47 (1/7)	128.24 (4/1)	212.47 (1/7/85)	3.82 (30/6/32)
Composite	192.40*	192.37	191.05	191.93	192.52	191.45	192.43 (1/7)	163.68 (4/1)	192.43 (1/7/85)	4.40 (1/6/32)

	July 3	June 26	June 19	Year Ago (Approx)
Ind div yield %	3.70	3.72	3.80	4.22
Ind. P/E Ratio	11.96	11.90	11.65	10.91
Long Gov Bond Yield	10.44	10.67	10.22	13.59

N.Y.S.E. ALL COMMON

July 11	July 10	July 9	July 8	1985 High	1985 Low
111.65*	111.69	110.65	111.29	111.67 (5/7)	94.60 (4/1)

RISES AND FALLS

	July 10	July 9	July 8
Issues traded	1,984	1,990	2,000
Rises	990	680	648
Falls	565	825	904
Unchanged	429	484	450

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
CNA Fin	4,876,800	56¾	+ ⅞
TWA	1,489,400	21	+ ⅞
H.J. Heinz	1,361,400	55¾	+ ⅜
Am Med Sup	1,325,500	27½	− ⅛
Am Hsp Sup	1,313,400	42	+ ½
Coca Cola	1,174,800	74¼	+1⅞
Northrop	1,131,800	54⅞	− ⅝
Texas Intl	1,124,100	3½	+ ½
AAT	1,116,800	23¼	− ⅛
East Air	968,500	6⅞	− ⅛

Advances 605 Declines 839

TORONTO	July 11	July 10	July 9	July 8	1985 High	1985 Low
Metals & Minls	1,868.9*	1,866.4	1,839.3	1,868.3	2190.7 (13/2)	1886.8 (4/1)
Composite	2,738.1*	2,726.1	2,727.3	2,733.6	2766.1 (5/6)	2348.9 (8/1)
MONTREAL Portfolio	134.44*	134.53	133.52	133.83	135.56 (5/6)	117.00 (4/1)

* Indicates pre-close figure

	July 11	July 10	July 9	July 8	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	907.0	905.9	902.3	897.0	907.0 (11/7)	715.3 (7/1)
Metals & Mins. (1/1/80)	519.0	523.7	528.7	524.9	583.8 (20/5)	362.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	87.18	87.77	87.77	88.05	105.73 (17/6)	85.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2330.25	2330.34	2339.99	2342.31	2384.12 (5/6)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	211.59	209.30	205.28	n/a	209.30 (11/7)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	218.3	218.2	218.5	218.2	233.1 (31/5)	180.9 (3/1)
Ind Tendance (28/12/84)	124.60	123.1	123.0	123.4	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	484.61	471.57	492.21	499.71	502.82 (5/7)	382.39 (3/1)
Commerzbank (1/12/53)	1424.0	1378.6	1449.8	1472.7	1475.0 (4/7)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1587.81	1573.41	1565.04	1568.68	1847.88 (17/5)	1220.74 (2/1)
ITALY						
Banca Comm. Ital. (1972)	347.28	344.79	346.01	345.30	347.28 (11/7)	228.56 (2/1)
JAPAN						
Nikkei-Dow (16/5/49)	12858.10	13012.09	13021.01	13029.65	13040.10 (6/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1048.80	1057.5	1055.81	1054.00	1055.91 (9/7)	918.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	218.5	215.1	218.0	220.9	220.9 (8/7)	185.6 (3/1)
ANP-CBS Indust (1970)	184.8	181.3	183.3	186.5	186.5 (8/7)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	320.87	321.46	323.51	326.12	345.97 (3/6)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	734.78	745.03	747.45	746.48	852.85 (7/3)	784.38 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	n/a	988.8	987.9	1140.8 (15/4)	838.1 (11/2)
JSE Indust (28/9/78)	—	n/a	1007.7	987.5	1007.7 (9/7)	787.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	110.52	110.56	110.85	110.62	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (11/58)	1322.22	1299.23	1285.32	1294.88	1486.98 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	461.1	458.3	446.3	469.1	469.1 (8/7)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	218.7	218.8	218.4	219.7 (10/7)	184.8 (4/1)

* Indicates pre-close figure ** Saturday June 30 Japan Nikkei Dow 10428.43 TSE 795.67 Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 101 and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 industrials § 400 industrials plus 40 Utilities Financials and 20 Transports c Closed u. Unavailable

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 39

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LONDON Chief price changes (in pence unless otherwise indicated)

RISES

Tr 13½% 2000	£115⅝	+ ⅜
A.B. Elect	235	+15
Allied-Lyons	220	+ 8
As Brit. Ports	295	+30
BTR	336	+10
Burton	469	+ 8
CPU Comp	33	+ 6
Cable & Wire	530	+20
Christies Intl	230	+12
Falcon Res	68	+ 8
Fleet Hldgs	299	+10
Habit Prec	69	+ 4
Imp Cont Gas	320	+15
Kershaw (A.)	360	+60
Midland Bank	395	+10
Plessey	132	+14
Racal Elect	136	+ 6
Rank Org	340	+20
Saxon Oil	350	+45
Smith Bros	138	+ 5
Sound Diff	54	+ 6
Tarmac	320	+10
Thorn EMI	321	+14
Vickers	273	+ 8

FALLS

Cookson	303	−17
Granada	154	−14
Imp Group	170	− 9
Rothmans Intl	134	−16
Siebe	565	−50

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, July 11

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.48	2.3	16	184	21	20⅞	20⅞	+¼
17⅜	9⅜	AGS			14	312	16⅝	16⅜	16½	+⅛
16½	9⅝	AMCA				107	11	11	11	+⅛
21½	13¼	AMF	.50	3.7	41	1168	13⅝	d13	13⅝	−¼
13⅜	12⅞	AMF wd				209	13⅜	13¼	13¼	
49⅞	24¼	AMR			11	2241	49	48½	48⅝	+½
22⅞	18⅝	AMR pf2.18		9.7		7	22½	22½	22½	
23	19	ANR pf2.12		11.		100	19⅞	19⅞	19⅞	+¼
14¼	7⅜	APL				20	8	7⅞	8	
61⅛	44⅝	ASA	2	4.0		73	49⅝	49¼	49½	
27	12½	AVX	.32	2.4	11	85	13½	13⅛	13¼	+¼
28⅛	16	AZP	2.72	9.8	8	451	27¾	27⅝	27⅝	
59	36¾	AbtLab 1.40		2.4	17	2279	u60	58⅞	59¼	+¼
25⅞	19	AccoWd .50		2.2	17	119	22¾	22⅜	22⅜	+½
24¾	12½	AcmeC .40		2.5		32	15¾	15⅝	15¾	−⅛
10½	7⅜	AcmeE .32b		4.2	10	1	7⅝	7⅝	7⅝	
18	15	AdaEx 1.92e		11.		4	17⅞	17⅞	17⅞	
20	11⅞	AdmMl .32		1.8	7	17	17¼	17⅛	17¼	+⅛
19½	8⅝	AdvSys .53t		4.6	18	39	11⅝	11⅜	11½	
41⅛	22⅛	AMD			11	2577	26¾	26	26⅝	+⅛
12¾	6⅞	Advest .12		1.4		54	8⅝	8½	8½	
15¾	9	Aerflex			14	158	u15⅞	15⅛	15¼	−⅜
47	27¼	AetnLf 2.64		5.6	34	6364	47	46¾	46⅞	+⅛
57⅜	52⅜	AetL pf5.79e		11.		309	55⅛	54⅞	55⅛	+⅛
37⅜	18¼	Ahmns 1.20		3.4	14	445	35¾	35¼	35⅜	−½
3⅜	2½	Aileen				276	2¾	2⅝	2¾	+⅛
56¼	38⅝	AirPrd 1.20		2.2	12	664	54¾	54	54⅛	+⅛
24⅜	13	AirbFrt .60		3.1	11	854	19¼	18¾	19¼	+⅝
2	1	AlMoa s				173	2	1⅞	2	
33⅜	27¼	AlaP pfA3.92		12.		16	31⅞	31¾	31¾	−⅛
8⅛	6¼	AlaP dpfpf.87		11.		2	7⅞	7⅞	7⅞	
82	61½	AlaP pf 9		11		z2100	80	80	80	−1
85½	63½	AlaP pf 8.44		12.		z1140	84	82	82	−½
74	57½	AlaP pf 8.16		11.		z100	72	72	72	
72	56½	AlaP pf 8.28		11.		z2210	u73½	70¾	73½	+1½
25¼	9¼	AlskAir .16		.7	10	1855	25	24½	24½	−⅛
22	10⅞	Alberto s .38		1.7	26	87	u23	21⅞	23	+1
33¼	24⅛	Albtsns .76		2.6	12	577	29¾	28½	29¾	+⅛
31¼	23¼	Alcan 1.20		5.0	12	1733	24¼	24	24⅛	
38⅞	27⅛	AlcoStd .20		3.3	13	180	37¼	36¾	36⅞	−⅛
32	17	AlexAlx 1		3.5		1556	28⅝	28¼	28⅝	+⅜
26½	20⅜	Alexdr			21	157	23¼	23	23¼	+⅝
89½	72¼	AllgCp 2.08t		2.5	26	27	84	83½	84	+⅞
26¾	23¾	AlgCp pf2.86		11		23	26¾	26½	26½	−⅛
28¾	18¾	AlgInt 1.40		5.5		68	25⅞	25¼	25⅜	+¼
20¾	15¼	Algln pf2.19		11.		6	20⅛	20	20	−¼
98	81¾	Algl pfC11.25		12.		40	97⅛	97	97	
34⅜	24⅞	AllgPw 2.70		8.0	10	154	33⅞	33¾	33¾	−¼
21¾	15¾	AllenG .80b		2.8	16	202	21½	21⅛	21¼	
46¾	28¼	AlldCp 1.80		4.1	9	1792	44	43¾	43⅞	
66	53⅞	AldCp pf6.74		11.		47	63	62⅝	62⅞	−⅛
113¼	99	AldCp pf 12		11.		3	111½	111⅛	111½	+¾
106⅜	100¾	AldC pf 12.31e		12.		416	103⅛	102¾	103⅛	+⅛
23½	15¼	AlldPd			17	47	18¾	17¾	18½	+1
60⅛	42⅞	AldStr 2.12		3.7	8	527	57½	57	57¼	−¼
12⅜	4⅝	AllisCh				266	4⅞	4⅝	4⅝	−⅛
34⅞	24	AllsC pf				16	30½	29	30½	+1¼
28⅞	20	ALLTL 1.84		6.5	9	66	28½	28⅛	28⅛	−⅜
39⅞	29¾	Alcoa 1.20		3.6	17	2693	34¼	33⅜	33¾	+¼
22¼	13¾	Amax .10j				426	14⅛	14	14	−⅛
40	32½	Amax pf 3		8.9		4	33¾	33¾	33¾	−½
34	22¾	AmHes 1.10		4.1	19	2010	27⅞	26¾	26⅞	−1⅜
140½	98⅛	AHes pf3.50		2.9		2	119½	119½	119½	−1½
2¾	1¼	AmAgr				256	1⅝	1½	1½	−⅛
21½	15⅜	ABakr			8	32	20⅜	20⅛	20⅜	+⅛
70	55¼	ABrand 3.90		6.0	9	376	65⅝	65	65⅜	−⅜
29¾	24¾	ABrd pf2.75		9.5		1	29	29	29	−⅛
115	56½	ABdcst 1.60		1.4	17	692	114¼	114	114¼	+¼
27¼	19½	ABldM .86		3.2	14	6	27¼	27¼	27¼	+¼
27⅛	20⅜	ABusPr .64		2.5	14	3	25⅜	25⅛	25⅜	+¼
60	40½	AmCan 2.90		4.9	12	271	59⅜	58½	58⅞	−¼
52¼	37	ACan pf 3		5.8		4	51⅞	51½	51⅞	−⅛
114	103	ACan pf13.75		12.		24	113½	113⅛	113⅛	−⅞
20⅞	16¾	ACapBd 2.20		11		35	20¾	20⅝	20⅝	−⅛
30⅞	25⅛	ACapCv 2.51e		8.7		44	29½	29	29	−⅝
11	6½	ACentC			219	20	8¾	8½	8¾	
56½	43⅜	ACyan 1.90		3.6	13	1830	52⅞	52	52⅞	+1⅜
27¼	18¾	ADT .92		3.5	26	211	26⅛	26	26	+⅛
24⅝	16⅞	AEIPw 2.26a		9.2	9	1578	u24¾	24⅜	24⅝	+⅛
49⅜	25	AmExp 1.28		2.7	16	4855	47¾	47⅜	47⅜	+⅜
25	9¾	AFaml s .48		2.0	16	608	24	23¾	23¾	−⅛
35½	19⅞	AGnCp 1		2.9	10	775	35⅛	34¾	34⅞	−⅛
15⅜	6¼	AGnl wt				350	14¼	13¾	14¼	+¼
55¾	51⅜	AGnl pfA6.24e		11.		28	55½	55⅜	55⅜	−⅛
96½	58¾	AGnl pfB5.87e		6.3		17	93⅞	93⅜	93⅞	+1⅛
76	45	AGn pf3.25		4.3		3	76	76	76	
71¼	40¼	AGn pfD2.64		3.8		23	70	69½	69½	
12	7½	AHoist				27	12	11¾	11¾	−¼
66⅞	46¾	AHome 2.90		4.5	13	1907	64⅜	63¼	64⅜	+1⅛
42	26¼	AHosp 1.12		2.7	13	1323	42	41	41⅞	+⅜
98½	65⅜	Amrtch 6.60		6.9	9	1150	96¼	95¾	96	+⅜
87¼	52	AInGrp .44		.5	24	1878	86¼	84⅞	85⅞	+1
144	112½	AIGp pf5.85		4.1		6	144	142	144	+2¾
28⅛	18½	AMI .72		2.6	13	1325	27¾	27½	27⅝	
5½	2⅞	AmMot				519	3⅝	3½	3⅝	
29	16½	APresd .12i		.6	4	974	21⅝	20¾	21½	+¾
13⅞	5	ASLFla			6	98	6¾	6⅝	6¾	
18½	12¼	ASLFl pf2.19		15.		42	14¼	14	14¼	+¼
16	10⅜	AShip .80		5.5	11	747	14¾	14	14½	−⅛
35⅜	24⅛	AmStd 1.60		5.3	10	171	30⅝	30	30⅛	−¼
67½	31⅞	AmStor .64		1.0	12	892	67¼	66	67	+1
78	46⅛	AStr pfA4.38		5.6		59	78	77	78	+1
57⅜	51	AStr pfB6.80		12.		24	57¼	57¼	57¼	
24⅝	16⅝	AT&T 1.20		5.2	17	11048	23⅝	23¼	23¼	−⅛
41⅜	31	AT&T pf3.64		9.2		863	39⅝	39⅜	39⅜	−¼
42	31⅞	AT&T pf3.74		9.3		23	40⅜	40⅛	40¼	−⅛
27¾	15⅛	AWatr s 1		4.3	8	116	24	23½	23½	−1
12¾	10	AWat pf1.25		10		z120	12½	12¼	12¼	
12½	10	AWa 5pf1.25		9.8		z20	u12¾	12¾	12¾	+½
26½	19½	AmHotl 2.40		11	9	129	22¼	22	22	−⅛
72½	56⅜	ATrPr 5.64		7.8		34	72¼	72¼	72¼	−¼
17	5⅜	ATrSc				437	u17⅛	16⅝	17⅛	+⅝
88¼	61¾	ATrUn 5.64		6.4		1	u88¾	88¾	88¾	+½
36	26½	Ameron 1.60		4.4	8	75	u36¾	35¾	36¾	+1¼
50	24½	AmesDs .20		.4	22	1779	48½	45⅜	46⅛	+1⅛
29½	22½	Ametek .80		3.2	13	244	25¼	24¾	25	
28⅜	18½	Amfac				25	27⅞	27⅝	27⅝	−¼
16	6½	Amfesc			4	45	6¾	6⅝	6¾	
69	50¼	Amoco 3.30b		5.2	9	2039	64	63⅛	63½	−⅜
38½	26⅛	AMP .72		2.2	19	3792	32¼	31½	32⅛	+1⅜
24	11½	Ampco .30		2.4	18	575	12½	12½	12½	
20⅛	12⅜	Amreps			10	5	19	19	19	
35⅝	21½	AmSth 1.40		3.9	10	9	u35¾	35⅝	35¾	+⅛
43½	25⅝	Amstedl .60		4.1	13	203	38⅜	38¼	38⅜	+⅝
4¼	1⅜	Anacmp				273	2¾	2⅝	2¾	+⅛
24⅛	16¼	Anlog s			18	737	20⅝	20½	20½	
30½	19¼	Anchor 1.48		5.5		94	27	26⅞	27	+⅛
42⅜	27¾	AnClay 1.32		3.2	38	319	41⅞	40¾	41⅞	+1
12½	9⅝	AndrGr .20		1.6	16	3	12½	12⅜	12⅜	−⅛
25¼	17	Angelic .60		2.4	14	249	25¼	23¾	25¼	+1½
33½	20¾	Anheus			13	2691	33⅜	33	33¼	+⅛
69½	48	Anheu pf3.60		5.2		287	69½	68⅞	68⅞	
19¾	13½	Anixtr .28		1.7	18	133	17	16¾	16¾	−⅛
16¾	8⅞	Anthem .04		.3	15	255	13⅜	12¾	12¾	−¼
15¼	10⅞	Anthny .44b		3.1	9	71	14⅜	14	14⅜	+½
13	9¼	Apache .28		2.6	11	145	10⅞	10¾	10⅞	+⅛
2	1/16	ApchP wt				34	1	15-16	1	+1-16
19⅞	15⅛	ApchP un2.10		11		140	18⅞	18⅝	18⅞	+¼
34⅜	27¼	ApPw pf4.18		13.		12	33⅜	33⅜	33⅜	+¼
31½	26	ApPw pf3.80		13		17	30	29¾	30	
39½	18	AplDta 1.76t		5.9	16	443	30⅜	29¼	29⅞	+¾
15	8	ApplMg				69	13⅞	13½	13¾	
24¾	15⅝	ArchDn .14b		.6	16	2347	23⅞	23½	23½	−⅜
30¼	23½	ArlP pf3.58		12		19	30⅜	30⅜	30⅜	
23⅜	14	ArkBst .40		1.7	9	92	u23½	23	23⅜	+⅜
24⅛	16	Arkla 1.08		5.9	18	2241	18⅝	18⅜	18⅜	−⅛
15-16	¼	ArlnRt				1486	9-16	15-32	½	+1-32
15¼	6¾	Armco				887	8⅝	8½	8⅝	
23¼	15½	Armc pf2.10		10		19	21⅛	21	21	−⅜
24⅛	15¾	ArmsRb .48		3.0	7	124	16⅛	15½	15⅞	−⅜
39¼	23¼	ArmWin 1.30		3.5	6	21 239	37⅝	37¼	37¼	−⅜
34⅛	19	AroCp 1.20		4.1	7	4	29⅜	29⅛	29⅜	
25¼	12⅞	ArowE .20		1.3	11	259	15½	15⅛	15½	+⅜
30¼	16	Artra .22		.8	141	14	28⅜	28¼	28¼	
23⅜	14⅜	Arvin s .80		3.5	0	1691	23⅛	21⅞	22¾	+1
54¼	35½	Arvin pf 2		3.7		4	54	53¾	53¾	+1
27¼	17⅜	Asarco				208	22½	22	22⅜	+⅜
34⅛	20¾	AshlOil 1.60		4.7		712	34⅛	33½	34	+1
44¾	33⅜	AshlO pf4.50		10		1	43½	43½	43½	+⅛
43½	31½	AshlO pf3.96		9.5		21	41⅞	41⅜	41⅞	
69	49	AsdDG 2.60		3.9	11	1053	67½	67⅛	67½	+⅛
110½	70	AsdD pf4.75		4.4		75	108	108	108	+¾
24¾	19⅜	Athlone 1.60		7.2	10	2	22⅛	22	22⅛	
29¾	20⅜	AtCyEl 2.68		9.1	9	389	28½	28¼	28⅜	+⅛
64¼	40⅝	AtlRich 4		6.8	27	4113	59	58½	58½	−¾
153	97	AtlRc pf2.80		2.0		6	140¾	140	140	−1½
18½	10⅛	AtlasCp				8	12	11⅞	12	+⅛
32½	18¾	Augat .40		1.8	19	31	22¼	21¾	22	
54¾	34¼	AutoDt .68		1.3	22	303	52¼	51½	52	
5	4¼	Avalonn			8	31	4⅝	4⅜	4⅜	−⅛
29⅞	16¼	AVEMC .60		2.1	15	2	29	29	29	−¼
36⅜	24⅞	Avery .60		1.7	14	593	35⅝	34½	35¼	+1
16¾	10	Aviall n			8	70	15⅞	15½	15½	−½
41	27	Avnet .50		1.6	17	1842	31⅝	31⅜	31⅝	+½
25⅞	17⅛	Avon 2		8.9	11	2758	22¾	22⅛	22½	−⅛

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Continued on Page 39

NYSE COMPOSITE PRICES

Continued from Page 38

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
28½	19	RyanH	1	3.6	15	35	27½	27⅜	27½	
29¾	19⅝	Ryder s .60		2.1	10	1748	28¼	27⅞	28	
26¾	12⅞	Ryland .66		2.7	17	47	25	24⅞	24⅞	
20⅛	9½	Rymer			6	28	19	18⅝	18⅞	−⅛
13⅝	11½	Rymer pf1.17		9.2		155	12¾	12¾	12¾	
S S S										
50⅝	35⅛	SCM	2	4.3	13	29	46⅞	46½	46⅝	−⅛
12½	8⅞	SL Ind	.22	1.8	10	11	12¼	12⅛	12⅛	−⅛
31¾	19½	SPSTec .80		2.6	15	10	31¼	31	31¼	+¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
34⅜	25	Texind 80b		3.0	13	5	27	27	27	−¼
147¾	86¼	TexInst 2		2.0	10	885	99¼	98¼	98¾	+⅛
3⅜	1	TexInt				11208	u3⅝	3	3⅜	+⅜
24⅝	15¾	TexOGs .18		1.1	10	2578	16⅞	16⅝	16¾	+⅛
39	26¾	TxPac .40		1.3	19	17	30	30	30	
31¼	21⅛	TexUtil 2.52		8.1	7	580	u31⅜	30¼	31¼	+⅛
4⅞	2	Texfi In				85	3½	3⅜	3½	+⅛
57	27	Textron 1.80		3.1	14	1289	u58½	56⅞	58¼	+1¼
62½	29¾	Textr pf2.08		3.3		4	u63¼	61½	63¼	+¾
10⅝	5⅛	Thack			85	9	9½	9½	9½	
29⅝	14⅝	ThermE			27	438	u30¼	29¾	30¼	+¾
43¼	28¼	ThmBet .36		3.9	15	154	35½	35	35	−⅝
18⅞	12⅝	Thomln 68b		3.9	10	44	17½	17⅛	17½	+¼
24⅞	13¼	ThmMed .40		2.5	11	107	16¼	16⅛	16¼	
22⅞	14¼	Thrifty .60		2.8	14	650	21⅝	21⅛	21⅛	−¼
24⅜	13¾	Tidwtr .90		6.4		168	14⅜	14⅛	14⅛	−¼
10½	5⅝	Tigerln				472	7	6⅞	7	−⅛
60⅝	33¾	Time 1		1.8	17	485	57⅜	56⅞	56⅞	−¼
23¼	12⅝	Timplx			16	20	17½	17⅜	17½	+⅛
58½	34¼	TimeM 1.36		2.4	17	5262	57⅞	57⅜	57¾	
58⅞	46	Timken 1.80a		3.8	15	97	49⅜	48¾	49⅜	+⅜
8¼	4⅜	Titan				24	7¼	7⅛	7⅛	
38½	26⅝	TodShp 1.32		4.3	7	42	30½	30¼	30½	+⅜
21¼	14¾	Tokhm s .48		2.7	11	18	18	17¾	17⅞	−⅛
21¼	13⅜	TolEdis 2.52		12	6	1148	20⅝	20¼	20⅝	+¼
29	24⅝	TolEd pf3.72		13		35	29	28½	28⅝	−⅜
29½	22	TolEd pf3.75		13.		31	u29⅝	28¾	29⅛	−⅛
27¾	20	TolEd pf3 47		13.		41	27¾	27⅛	27⅝	−⅛
32⅞	25½	TolEd pf4 28		13		23	u33	32⅝	33	+⅛
19½	14	TolEd pf2 36		12		6	19½	19⅜	19⅜	
18¼	13⅝	TolEd pf2.21		12.		4	u18½	18⅛	18½	+⅜
53	13⅝	Tonka s .20		.4	9	234	51¾	50⅛	50¼	−1
26⅝	6¾	Tonka wi				3	26¼	26¼	26¼	
53¾	23⅜	TootRol 48b		1.0	15	21	50	49⅞	49⅞	
52⅞	20⅞	Trchmk 1		2.0	14	368	48⅞	48⅝	48⅞	+⅛
17⅛	10	ToroCo .40		2.7	9	186	14¾	14⅝	14¾	
4½	1	Tosco				1155	4⅜	4¼	4¼	−⅛
19¼	8¼	Towle				62	11½	10⅝	11½	+⅝
41¼	25¼	ToyRU s			28	2663	37¼	36¼	37	
28¼	17½	Tracr s .32		1.5		706	22	21¼	21¼	−¾
20¾	8⅛	TWA			65	14445	21⅛	20¼	21⅛	+1
15¼	12	TWA pf 2.25		15.		164	15¼	15⅛	15¼	
30⅝	18	TWA pfB2.25		7.0		1356	u32⅛	30¾	32⅛	+1½
32⅝	20⅞	Transm 1.64		5.4	13	852	30⅝	30¼	30⅝	+⅜
21⅞	16¾	Traninc 2.22		10.		8	21⅜	21⅜	21⅜	−¼

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AMEX COMPOSITE PRICES

Prices at 3pm, July 11

Stock	Div	P/E	Sls 100s	High	Low	Close	Change
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

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FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Weakness in dollar raises tone

THE WEAKENING in the U.S. dollar yesterday continued to help Wall Street stocks to brush off uncertainties surrounding the U.S. economy, the budget negotiations in the Senate and the policies of the Federal Reserve, *writes Terry Byland in New York.*

Investors were restrained, however, by nervousness in the credit markets ahead of the money supply figures, and market indices failed to break through their recent peaks.

Four-day system repurchase arrangements by the Fed suggested that this week's Open Market Committee meeting had taken a neutral stance, but bond traders believe that a surging money supply will prevent the Fed from easing policies. Federal funds remained at 7 5/16 per cent, the level of the Fed intervention, and the bond market was down.

The stock market opened with a rush, with 36m shares traded in the first hour as traders followed through the bullish trend of the previous close.

At the close the Dow Jones industrial average was up 4.81 at 1,337.70.

The market was helped by firmness in IBM, $¾ better at $123¾ ahead of the results which will be announced on Monday. But motor industry analysts estimated that the big three Detroit groups will report a slide of $1bn to $2.4bn in second-quarter earnings. Mixed reports on June sales came from the retail sector.

The market's talking point was the decision by Coca-Cola to revive the old-formula Coke, three months after replacing it with New Coke which will now be sold alongside the former product. Coca-Cola stock jumped $1¾ to $74⅛ in heavy trading, with the market believing that overall sales will benefit by the return of old Coke.

Meanwhile Coke's arch-rival Pepsico gained $1 to $58½, and Wall Street settled down to watch the two beverage contenders slug it out at their respective press conferences.

Reports that Mexico had cut oil prices brought further support for airline stocks, pushing the Dow transportation average ahead by more than five points. United gained $⅝ to $55⅝, and American, its chief rival on domestic routes, $½ to $48⅝. Stock in TWA was firm again, adding $⅝ to $20¾ on hopes of a bid. Eastern Air Lines denied such intentions.

Defence stocks responded again to the budget impasse which improves their chances of avoiding cost-cutting measures. McDonnell Douglas jumped $1 to $81⅛ and Lockheed at $54⅞ was $⅞ higher.

Among the industrial blue chips, General Motors fell $⅝ to $69⅝, and Ford $⅝ to $44¾. K mart eased $⅛ to $36⅝ after warning that second-quarter profits might be lower, even though the board remains optimistic for the full year.

The bank reporting season made a promising start, with Chemical New York $⅝ up at $44¾ on higher earnings. Bank of New York eased $⅝ to $44⅝, while Irving Bank remained unchanged at $39½, both after quarterly statements. Among the regional high-fliers, Barnett Banks of Florida eased $⅛ to $37¾.

But the most active stock in the financials, indeed, in the whole market was CNA Financial, the insurance company which is 89 per cent owned by Loews Corporation. CNA added $¾ to $56⅝ after a massive 4.6m share block was traded at $55⅞.

Pharmaceutical stocks continued to respond favourably to the slide in the dollar which helps their heavy non-U.S. sales areas. Pfizer, with more than 50 per cent of sales generated outside the U.S. gained a further $1⅛ to $52½.

Abbott Laboratories, which opened the drug industry reporting season with news of higher earnings for the second quarter, edged up $⅛ to $59⅛.

CBS traded unchanged at $116¼ as the board's buyback programme, aimed at thwarting Mr Ted Turner, got under way. American Hospital Supply, still unfriendly towards Baxter Travenol's $3.6bn bid offer, dipped $¼ to $41¼ after disclosing sluggish results.

Levi Strauss, the jeans manufacturer, jumped $3 to $40 before suspension ahead of a company statement, which analysts believed may involve a leveraged buyout at $50 a share.

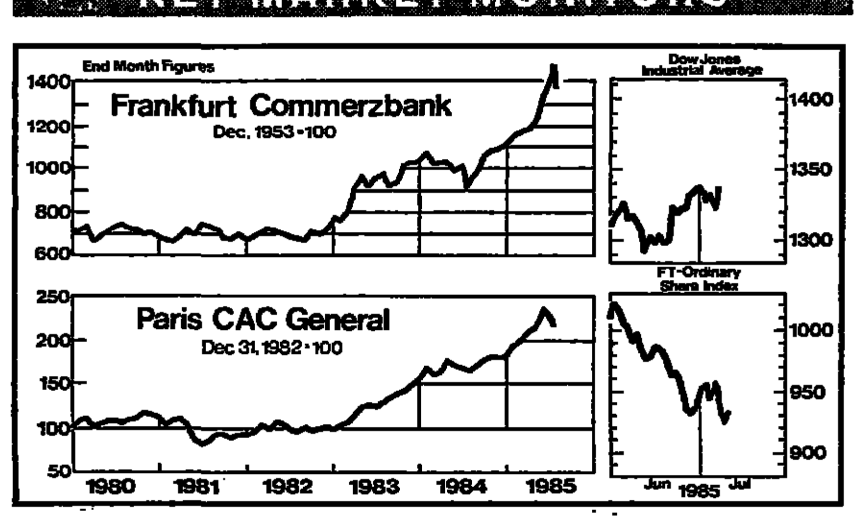
In the retail sector, prices sagged as investors nervously awaited what is expected to be a disappointing round of company results.

After disclosing lower sales for June, Sears dipped $½ to $36⅝, J. C. Penney $⅛ to $49 and Allied Stores $⅝ to $57⅛. But Woolworth rose $1 to $45½ on news that sales increased last month.

In the credit market, short-term rates rose sharply despite the Fed's intervention in the money market. Treasury bill rates gained up to 10 basis points, and federal funds remained near the day's high.

Bond prices extended early falls, to show net losses of around three quarters of a point, as the market braced itself for the money supply figures.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	July 11	Previous	Year ago
DJ Industrials	1,337.70	1,332.89	1,108.55
DJ Transport	676.97	669.12	466.87
DJ Utilities	167.78	167.42	125.05
S&P Composite	192.25	192.36	150.56
LONDON			
FT Ord	934.4	923.1	771.1
FT-SE 100	1,238.4	1,230.4	1,001.7
FT-A All-share	597.79	594.05	464.90
FT-A 500	649.03	644.34	501.03
FT Gold mines	401.4	398.3	539.8
FT-A Long gilt	10.40	10.44	10.44
TOKYO			
Nikkei-Dow	12,858.10	13,012.09	10,354.90
Tokyo SE	1,048.80	1,057.50	787.05
AUSTRALIA			
All Ord.	907.0	905.9	668.2
Metals & Mins.	519.0	523.7	415.7
AUSTRIA			
Credit Aktien	97.18	97.77	53.51
BELGIUM			
Belgian SE	2,330.25	2,330.34	—
CANADA			
Toronto			
Metals & Minls	1,888.0*	1,855.37	1,816.0
Composite	2,739.1*	2,736.08	2,196.3
Montreal			
Portfolio	134.44*	134.53	107.05
DENMARK			
SE	211.59	209.30	185.21
FRANCE			
CAC Gen	218.3	216.2	168.6
Ind. Tendance	124.60	123.10	89.67
WEST GERMANY			
FAZ-Aktien	484.61	471.57	331.15
Commerzbank	1,424.0	1,378.6	955.1
HONG KONG			
Hang Seng	1,597.81	1,573.41	763.61
ITALY			
Banca Comm.	347.26	344.79	206.64
NETHERLANDS			
ANP-CBS Gen	218.5	215.1	154.1
ANP-CBS Ind	184.6	181.3	124.8
NORWAY			
Oslo SE	320.97	321.46	245.92
SINGAPORE			
Straits Times	734.78	745.03	878.64
SOUTH AFRICA			
JSE Golds	–	n/a	878.9
JSE Industrials	–	n/a	890.3
SPAIN			
Madrid SE	110.52	110.56	91.55
SWEDEN			
J & P	1,322.22	1,299.23	1,478.26
SWITZERLAND			
Swiss Bank Ind	461.1	458.3	362.3
WORLD	July 10	Prev	Year ago
Capital Int'l	219.7	218.8	171.8

GOLD (per ounce)

	July 11	Prev
London	$314.75	$314.75
Zürich	$313.75	$314.95
Paris (fixing)	$313.54	$311.98
Luxembourg	$313.75	$313.40
New York (Aug)	$315.10	$316.20

* *Latest available figure*

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	July 11	Previous	July 11	Previous
$	–	–	1.382	1.3865
DM	2.9185	2.9375	4.0275	4.0725
Yen	243.0	243.45	335.5	337.5
FFr	8.87	8.935	12.265	12.375
SwFr	2.4335	2.45	3.3625	3.395
Guilder	3.285	3.3095	4.535	4.585
Lira	1,879.5	1,882.0	2,595.0	2,608.0
BFr	58.6	59.25	80.9	81.95
C$	1.353	1.3515	1.8675	1.8745

INTEREST RATES

	July 10	Prev
Euro-currencies (3-month offered rate)		
£	12¼	12 7/16
SwFr	5 3/16	5⅛
DM	5 3/16	5⅛
FFr	10⅜	10 7/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	7⅞	7 13/16
6-month U.S.$	8	7⅞
U.S. Fed Funds	7 11/16*	7⅜
U.S. 3-month CDs	7.50*	7.40
U.S. 3-month T-bills	7.03*	6.93

U.S BONDS

Treasury		July 11* Price	Yield	Prev Price	Yield
8½	1987	99 19/32	8.724	100	8.49
10⅜	1992	101 18/32	10.068	102 1/32	9.90
11¼	1995	106 18/32	10.189	107 14/32	10.04
11¼	2015	107 19/32	10.425	108 23/32	10.30

Corporate	July 11* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	101⅞	10.05	101¾	9.95
3⅞ July 1990	82	8.40	81⅝	8.575
8¾ May 2000	85¼	10.72	85⅞	10.65
Xerox				
10⅝ March 1993	100⅛	10.70	101	10.45
Diamond Shamrock				
10¾ May 1993	100	10.75	100⅝	10.50
Federated Dept Stores				
10⅝ May 2013	95	11.25	95¾	11.10
Abbot Lab				
11.80 Feb 2013	103⅜	11.35	104⅞	11.20
Alcoa				
12¼ Dec 2012	93¾	12.05	94⅝	11.90

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	77–11	77–27	77–08	78–00
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.90	93.04	92.89	93.07
Certificates of Deposit (IMM) $1m points of 100%				
Sept	92.27	92.44	92.24	92.48
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	92.09	92.15	92.07	92.28
20-year Notional Gilt £50,000 32nds of 100%				
Sept	111–24	111–25	111–12	111–17

COMMODITIES

(London)	July 11	Prev
Silver (spot fixing)	435.90p	434.25p
Copper (cash)	£1,048.50	£1,046.00
Coffee (July)	£1,717.00	£1,740.00
Oil (spot Arabian light)	$26.95	$26.95

LONDON

Confidence boosted by rate move

APPROVAL for lower interest rates gave London equity markets a much needed boost to confidence yesterday.

Rates for short-term bills in money markets were reduced by ¼ percentage point and shortly afterwards Citibank, the only foreign bank to be granted UK clearing status, cut its UK base lending rates by ½ percentage point to 12 per cent.

Wall Street's strong overnight run-up to near record levels encouraged a firm start to leading industrials. The pound's rally from the lowest rate against the dollar tarnished the mood somewhat although the FT Ordinary index held a *11.3 rise to 934.4* by the close.

Interest rate optimism countered the effects of currency movements in the gilts market which managed further progress. Longs scored gains of up to ¾.

Chief price changes, Page 37; Details, Page 36; Share information service, Page 34–35

HONG KONG

THE RETURN of overseas buyers to Hong Kong triggered a modest rally that centred initially on property issues but later spread to utilities. The Hang Seng index, up more than 13 points in the first hour, closed a net 24.40 higher at 1,597.81. Optimism over the forthcoming corporate reporting season also added weight to the advance.

Cheung Kong rose 40 cents to HK$16.80, Hongkong Land added 15 cents to HK$5.95 and Sun Hung Kai Properties finished a net 20 cents higher at HK$12.80.

Hongkong and Kowloon Wharf firmed 10 cents to HK$6.20 on consideration of results.

China Light led the utilities sector higher with a 30-cent advance to HK$15.80 largely on foreign buying.

SINGAPORE

SELLING by foreign investors in Singapore left the Straits Times industrial index 10.25 lower at 734.38 in thin trading.

Promet lost 10 cents to S$1.12 in active trading while Pan Electric dropped 4 cents to S$2.13. Development Bank of Singapore retreated a further 5 cents to S$5.30 as Overseas Chinese Banking Corporation weakened 10 cents to S$8.60. United Overseas Bank finished 4 cents cheaper at S$3.80.

Singapore Press fell 10 cents to S$5.75 ahead of the closure of a newspaper the group indirectly owns.

SOUTH AFRICA

THE STEADY bullion price offered little support to Johannesburg gold shares which closed at their lows in quiet trading.

Vaal Reefs suffered a R2 fall to R169 although Free State Geduld managed to finish the session unchanged at R47. Mining financials, diamond and platinum shares recovered from early lows but De Beers dipped 2 cents to R10.58

CANADA

GOLDS and isolated blue chips retreated slightly in Toronto although base metal miners staged a strong advance.

Canadian Pacific was actively traded C$⅛ lower to C$18⅛ while Inco firmed C$⅜ to C$18⅛. Alcan Aluminium added C$⅛ to C$32⅞.

Banks and industrials made the most progress in Montreal while utilities gained some ground.

EUROPE

Fight back with foreign domination

FOREIGN buyers yesterday returned to dominate trading on West German and Swiss bourses and arrest the steep price declines among leading issues registered earlier this week.

The partial recovery was largely a reaction to the recent decline. Dealers believe that the markets have sufficient underlying strength to withstand similar bouts of profit-taking until a more precise trend emerges.

Banking and insurance stocks were in most demand while the West German automotive sector benefited as a whole from encouraging news from BMW and the Volkswagen subsidiary, Audi.

In **Frankfurt**, the Commerzbank index added 45.4 to 1,424.0, partially erasing Wednesday's 71.2 slump.

Among the banks, Deutsche added DM 19.50 to DM 578.50, Dresdner added DM 8 to DM 262.50 and Commerzbank DM 4.80 to DM 214.

Automotive stocks, which were high on dealers sell lists on Wednesday, came strongly back into favour. Daimler added DM 40 to DM 872, BMW DM 15 to DM 444 and Volkswagen DM 14.70 to DM 319.50.

High technology stock IWKA surged DM 48.30 to DM 324.80 ahead of today's annual meeting at which a management attempt to limit shareholder voting rights is expected to be opposed strongly.

Trading was active on the bond market as prices firmed. The Bundesbank sold DM 35.3m of domestic paper

The revival in **Zurich** was scored on relatively low turnover. The Swiss Bank industrial index edged back towards its recent record level with a 2.8 increase to 461.1.

Prominent among bank stocks were Crédit Suisse with a SwFr 50 rise to SwFr 2,930 while Union Bank added SwFr 40 to SwFr 4,280 and Swiss Volksbank SwFr 20 to SWFr 1,790.

The bond market was quiet with prices generally holding their ground.

Foreign investors were active in **Amsterdam**, fuelling a recovery in most market sectors on higher volume.

The ANP-CBS General index advanced 3.5 to 218.5, more than recovering the previous day's decline, as investors expressed satisfaction with Wall Street's overnight performance.

KLM felt sustained international interest and closed Fl 2.80 higher at Fl 62.30 while among leading issues, Royal Dutch/Shell and Akzo each firmed Fl 1 to Fl 196.0 and Fl 117.60 respectively.

Wall Street's overnight tone also buoyed trading in **Paris** with news of a cut in the money market intervention rate giving additional impetus.

Reservations about Peugeot's share issue was again expressed when the shares continued to slide away from the issue price, closing down FFr 5.60 at FFr 359.50.

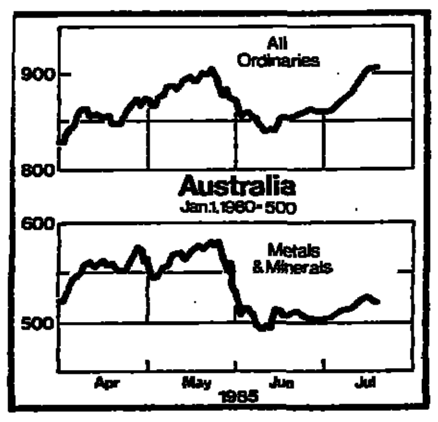
Brussels recovered from the previous day's selling and closed higher, after edging forward throughout the day.

Petrofina gained ground showing surprising resistance to the dollar's continued decline. The stock closed up BFr 30 at BFr 5,680.

The decision to cut the discount and penalty rates gave substance to the previous day's improvement in **Stockholm**, lifting the Veckans Affarer index to its highest point for 10 days with a 5.0 rise to 457.6.

Foreign interest was noted, particularly for Volvo which added SKr 14 to SKr 238

Milan moved closer to record levels with leading industrial stocks well supported by domestic and international investors. **Madrid** was little changed with banks, which have been consistantly firm, showing a slightly easier tone.



AUSTRALIA

New peaks reached down under

RECORD price levels were reached in Sydney yesterday for the second consecutive day as industrial stocks encountered sustained buying. The All-Ordinaries index firmed 1.1 to 907.0, while the Metals and Minerals index eased 4.7 to 519.0, demonstrating the market's clear preference for the industrial sector.

The takeover battle for retailer Myer dominated business. The company's shares rose to a peak of A$3.12 during the afternoon before slipping sharply to end at the A$3 bid price while the suitor G.J. Coles firmed 12 cents to A$3.92.

The takeover boiled over to activate trading in other stocks involved in the situation with Woolworths down 10 cents to A$3.38 and Westfield, owner of 12.5 per cent of Myer's capital, up 30 *cents to A$9.50.*

More than 2.2m Wormald shares moved through the market as it added 1 cent to A$3.91, on suggestions that a counter offer to Adelaide Steamship's bid is possible.

TOKYO

Sharp fall across broad range

BIOTECHNOLOGY, blue-chip and large-capital issues encountered sustained selling in Tokyo yesterday to send the Nikkei-Dow market average plunging below 13,000, *writes Shigeo Nishiwaki of Jiji Press.*

The 225-issue barometer shed 153.99 to 12,858.10. Turnover remained high at 742m shares, up from 698m shares on Wednesday. Declines led advances 503 to 271, with 109 issues unchanged.

Construction and cement stocks continued to firm. Heavy buying by corporations and institutional investors has followed reports that the Government intends to launch a trans-Tokyo Bay expressway construction project to stimulate domestic demand in fiscal 1986.

Ohbayashi added Y1 to Y364 with the third biggest trading volume of 14.62m shares. Tekken Construction, fourth busiest with 13.73m shares, jumped Y21 to Y355, Wakachiku Construction fifth with 13.31m shares, Y42 to Y469 and Kajima Corp, seventh with 11.81m shares, Y19 to Y384.

Trust and regional banks strengthened with Mitsubishi Trust gaining Y90 to Y1,440 and Tokyo Tomin Bank Y470 to Y4,550.

In contrast, biotechnology issues plunged on sacrifice selling with the approach of settlements for margin buying largely scheduled for August. Yamanouchi dropped Y130 to Y2,700, Dainippon Pharmaceutical Y120 to Y3,000, and Kaken Pharmaceutical Y120 to Y2,080.

There was a general view that the dumping of biotechnology issues would continue for a while and that this would heavily influence the market's general tone.

Semiconductor-related blue chips lost ground on a wide front after reports that this year's domestic semiconductor production would show its first year-to-year decline in 10 years. Another unfavourable factor was the yen's upsurge against the U.S. dollar.

NEC slumped Y30 to Y951, Hitachi Y5 to Y700, Fujitsu Y53 to Y917, and Sony Y60 to Y3,820.

Canon was down Y90 to Y1,010 and Hoya shed Y50 to Y1,750. However, selling volume for these precision instrument groups was relatively light.

Tokyo Electric Power hit an all-time high of Y2,250 at one stage following the yen's appreciation, but slackened later, closing Y50 down at Y2,150.

Mitsui & Co. headed the most active stock list as 15.69m shares changed hands, but its price remained unchanged at Y435.

Bonds gained more ground, reflecting the yen's rise and growing expectations for a Bank of Japan discount rate cut.

The yield on the benchmark 6.8 per cent government bond due in December 1994 fell from 6.370 per cent to 6.340 per cent.